

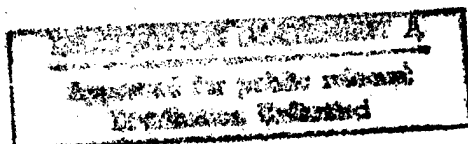
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13 October 1982

# Near East/North Africa Report

No. 2638



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13 October 1982

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INTER-ARAB AFFAIRS

FATAH MEMBER CALLS FOR END TO ARAB MODERATION

Kuwait AL-TALI'AH in Arabic No 755, 11 Aug 82 pp 26-31

[Interview with Samih Abu Kawik, Member of Fatah's Central Committee by the Media Delegation of the Association of Palestinian Writers and Journalists: "Moderation Is a Tune That Must Be Brought To an End in the Arab Region"]

[Text] "The revolution's steadfastness has had an impact on the enemy's camp."

"We are determined to frustrate Habib's efforts so he can put his papers together and depart in failure."

"The story about the alternative homeland does not signify that the Jordanian regime is to be overthrown."

"Palestinian political maneuvers are skillfully carried out under the state of siege."

"The goal with which we started our efforts to liberate Palestine remains unchanged."

"The steadfastness and victory of Beirut signifies steadfastness and victory for the honor of the Arab nation."

In the course of clarifying the picture which has been distorted by the Arab media and clarifying facts concerning our own subject as they are on the scene, it was necessary that the Kuwait chapter of the Association of Palestinian Writers and Journalists perform its informational functions, setting out from the main premise that an informational effort that parallels and stays in step with a cause, any cause, must follow that cause like its shadow. That effort must reflect the facts of the material world as they are; it is not to change or distort them as an opposing informational effort would.

Therefore the media delegation of the association conducted a group of interviews with some political and military leaders. It was thereby staying in step with the steadfastness and combat effort of our revolutionaries and our Palestinian and Lebanese masses.

Here is the text of the delegation's interview with Brother Qadri, Samih Abu Kawik, member of Fatah's Central Committee.

[Question] Can we talk about the lessons you learned from the battle?

[Answer] There is no doubt that the lessons that will have been learned from this battle will be momentous and numerous. Many specialists will be studying the political and military implications of that battle. But in order for us to know the lessons that we learned, I think that it would be advisable to talk about the period that preceded this battle. The writing on the wall had been visible for some time. It is known that King Hasan suspended the Fes summit because matters were not hot enough, and fire is required to make matters hot enough. It is evident that the horrible fire that broke out in Lebanon was part of the process of getting this matter hot enough so that all the conspiracies that could not have been carried out in the area before this war would be carried out.

We've come out of this battle with numerous lessons, although it is not easy to outline them all. The most important of these lessons is that it is the individual who can close the gap between us and the enemy, despite the obvious superiority the enemy enjoys when compared with the Revolution and with Arab armies. We have said that it is the individual who is filling this gap, and [we've said] that waiting for a strategic balance [to be achieved] or [catching up in] a technological race is something that the enemy will not permit. The enemy will continue to strike before we achieve such a balance. But the enemy cannot compete with our people. The Palestinian and Lebanese people have proven that. They have proven that they are capable of filling this gap and destroying the enemy's superior machinery. They have proven that they are capable of inflicting the heaviest losses on the enemy.

The second lesson which was confirmed--we had always talked about it--is that the masses who are politically mobilized and armed can stand up to an enemy whose strength is superior to theirs. Those masses can make adjustments to starvation conditions, to the cutoff of water and to killings. They are capable of making the most generous sacrifices without feeling that what they are doing is beyond their capability and their power.

The third lesson that we learned is that our faith in the Arab masses was strengthened despite the silence that surrounded these masses. This is because one of the enemy's objectives in this battle is to make us lose our faith in the Arab masses and in our Arab nation. Any victory for the enemy here would have caused us to lose the strategic depth where we've always found protection. The enemy cannot inflict upon us such a defeat. Our faith in our masses will continue to be as strong and as committed as it has always been.

However, we have become more convinced, and this was one of the reasons for our uprising, of the fact that these Arab regimes are incapable of standing up to the Zionist enemy.

The fourth lesson we learned is that we have many friends in various parts of the world. These friends are standing by our side with various kinds of support. We had never expected such support or asked for it; and we can never accept the fact that our friends would fight on our behalf. Their support for us was the sincere support that we had been hoping they would give us.

The fifth lesson we learned is that the steadfastness of the revolution is having an impact on the enemy's camp. With our brave steadfastness and that of our Lebanese and Palestinian masses, we were able to have an impact on the camp of

this enemy. We had an impact on the consciousness of Europe and Europe's masses. We had an impact on the American consciousness and the consciousness of the American public. With our steadfastness and our continued struggle, to which the enemy has not been accustomed, we were able to disrupt the enemy's ranks and inflict losses within those ranks. This would suggest many matters that we hope will interact in the future and lead to [situations] that in time will facilitate the process of eliminating this enemy.

#### The U.S. Role Is the Fourth Objective

[Question] How do you view the role of the United States? How do you view its relationship with the Zionist enemy and its relationship with the current Zionist, Nazi invasion?

[Answer] We have always shown that Israel is nothing but a tool in the hands of international imperialism, especially U.S. imperialism. Therefore, our objection to those who have been saying that it is the Jewish lobby that is manipulating the U.S. position stems basically from our deep awareness of the fact that Israel is nothing more than a tool of U.S. imperialism. Hence, Israel could not have carried out its recent attack unless it had gotten a green light from the United States. This time we do not need to come to this conclusion ourselves. For Shamir did announce that this battle from A to Z had been launched with the knowledge of the United States. Therefore, we are not slandering the United States. The new thing that pertains to this battle is that not only did the United States support and strengthen Israel's aggressive capabilities, but it also took part in the attack. We published the names of 16 U.S. officers who were killed. In addition, U.S. warships and aircraft carriers contributed effectively to the battle to prevent any technological surprises that may befall the Israeli attack. In addition, there was this tremendous mass of U.S.-made machinery, warships and airplanes which took part in striking and exterminating our Lebanese and Palestinian masses.

Regarding the problem of U.S. participation Begin had announced three objectives for the Zionist invasion:

First, to strike the infrastructure of the PLO.

Second, to strike the Syrian presence in Lebanon and to get Syria out of Lebanon.

Third, to establish a client central government in Lebanon that would be subordinate to the United States. That government would make peace with the enemy.

It is evident that Israel has so far failed to achieve any of these three objectives. It is evident that the quality of the infrastructure has improved. Thousands of fighters whom we had always hoped would join the ranks of the revolution did join our ranks. We got rid of many of our blunders which were incompatible with a people's war. Accordingly, we can say that Israel has failed completely in achieving this objective. Our military structure is more closely knit together than many had imagined. As far as the second objective is concerned, that of striking at the Syrian presence in Lebanon and getting the Syrians out of Lebanon, we believe that our Syrian brothers are determined to stay in Lebanon so they can join us in defeating this Israeli-American invasion.

With regard to the third objective, that of establishing a client government, it

is evident that at this stage this objective is still beyond reach. It is evident that Islamic and national forces in Lebanon have begun rallying around the PLO, as they had never done before, in an attempt to stand up to the client forces that are in collusion with Israel and the United States to make one group in Lebanon dominate others. It has become evident that the Islamic and national mainstream is assuming a position that is making achievement of this objective impossible any time in the immediate or distant future.

What I would like to say about U.S. participation is that the U.S. president himself added a fourth objective for the invasion. [He said that] it was necessary to solve the Middle East problem according to the Camp David formula. That is, the purpose of the aggression was to open the door to the United States to solve the crisis of the Middle East, not only that of Lebanon. It is known that this reminds us of Brzezinski's three-part series. In 1977 on the eve of al-Sadat's visit to Jerusalem Brzezinski had said that the United States would conduct a settlement in a series of three episodes. The first and the central one would be between Egypt and Israel, and this was accomplished through Camp David. The second would be between Jordan and moderate Palestinians. In other words, the purpose of what is happening in Lebanon is to pave the way for an agreement with Amman. We can now understand precisely what was meant by the statement that was made by a U.S. official during the visit that Saudi Arabia's minister of foreign affairs, Sa'ud al-Faysal and Syria's minister of foreign affairs, 'Abd-al-Halim Khaddam made to Washington. That U.S. official said that Sa'ud al-Faysal was no longer talking about an independent state for the Palestinians, but that he was talking about something for the Palestinians in agreement with Jordan. That is, [the Americans] are going back to the second part of Brzezinski's series.

The Camp David accords had been forged with the same objectives in mind: to solve the question of the Middle East at the expense of the Palestinian people and their national rights. Consequently, the coming solution, as seen by the United States and by Israel, is a solution that would take place through Jordan. We can affirm here that the Jordanian regime is preparing itself for a full-fledged involvement in this second episode. We have had information for almost 2 years that hundreds of apartments were being built in al-Azraq, Shanlar and al-Qatranah and that the public does not know why these apartments were being built. However, it is now clear that the objective has become evident after discussions about moving the Palestinians from Lebanon to Jordan have become numerous. These discussions became numerous especially after (Shahal), chairman of the Foreign Relations Committee in the Knesset suggested that there was an Israeli project, which Bashir al-Jumayyil always talked about, to relocate 350,000 Palestinians from Lebanon to Jordan. An understanding on that project would have to be reached with Jordanian authorities. In addition, we also have information about the fact that Jordanians would accept almost 200,000 Palestinians from Lebanon in Jordan. This leads us to talk about the alternative homeland which Sharon has been talking about constantly. This alternative homeland is part of a plan that Israel has always talked about. Some people believe that the Jordanian regime will object to that. Here, we think that the alternative homeland does not mean that the Jordanian regime is to be overthrown. Instead, it means that the Palestinians would replace their homeland, Palestine, with residence in Jordan, and this does not mean that a change in Jordan's regime would be required. Accordingly, the misgivings declared by the Jordanian regime and its fear of being overthrown are neither true nor possible because the Jordanian regime is an experienced regime

and has proven its competence in bringing about many U.S. and foreign plans in the area.

We can thus say that the United States' role goes beyond that of striking at and liquidating the Palestinian Revolution in Lebanon. In the long term United States' involvement becomes a process of liquidating the Palestinian question and establishing its own domination over the area by finding a solution that would find all Arab countries aligning themselves with Israel in a strategic cooperation and alliance with the United States against an alleged communist threat. This is the Israeli-U.S. objective of the invasion of Lebanon.

Beirut is a Symbol of the Nation's Honor

[Question] How do you view the battle of Beirut? What are your expectations of this battle? What does breaking the siege of Beirut signify?

[Answer] It became evident 5 weeks after the siege of Beirut that the battle of Beirut no longer represented the Palestinian Revolution's steadfastness, in the ordinary sense, in front of the enemy's attack. The steadfastness of Beirut symbolizes the steadfastness of a people who are rallying around their leaders who are fighting with them and defying the enemy with them. This battle in itself symbolizes the honor of the Arab nation. The fall of Beirut would mean dishonor for this nation, and Beirut's steadfastness means steadfastness and victory for the honor of the Arab nation.

It is on this basis that we view the battle of Beirut and Beirut's steadfastness. We consider it a symbol that must be protected, reinforced, rescued and turned into the onset of a victory that would be tantamount to a new Arab awakening.

It has become evident that the Israelis had always planned on short-lived battles: armies would flee in front of them and a battle would end rather quickly. This battle, however, has established that there is a new sort of Arab fighter who has begun confronting this enemy and inflicting upon him the most grievous losses. The Israelis are the ones who have begun fleeing in front of this steadfastness.

Suffice it to say in this regard that one of the commanders of Arab armies said, "What is going on in Lebanon and Beirut is beyond military science. The fact that a battle is being fought in which the parties are so unequal and the weak party is nevertheless inflicting all these losses and blows on the stronger party is something that goes beyond military science. This illustrates the most glorious and the proudest battle the Arabs have fought. I would be eternally grateful to this fighter." This means that there is a special kind of fighter who has been able to command this respect. The steadfastness manifested by Palestinian and Lebanese fighters in the battles they fought on the various battlefields is merely evidence of the fact that our fighters are eager to see the enemy commit another blunder and try to invade Beirut. The Israelis would pay such a high price for that, they would have to build another wailing wall beside the one that is in Jerusalem.

As far as expectations are concerned, what may give our steadfastness in Beirut a more remarkable meaning as an event in the history of the Arab nation is to see

outside forces coming to rescue Beirut, using force to break the siege around the city. This is possible. However, this does not mean that we are to depend on it because we must always realize that we have nothing [to depend on] but our guns.

It is known that there are three [other] possibilities if this one does not materialize: invading Beirut, surrendering or something in between. It is evident that the matter of invading Beirut would set up a siege around Begin and Sharon, since there is world-wide political opposition to such an action. In addition, Begin and Sharon would have to pay a very high price at the gateways of a city that is getting ready for them. As far as surrender is concerned, it is evident that no one who has ever carried a gun to challenge this U.S.-Israeli war machine has considered it.

Regarding the third choice about which negotiations are underway, it is evident that the choices we are turning down have become numerous. Withdrawal was one of the choices of the past; it is [now] unacceptable. What is being discussed now in the negotiations is disengagement and Israel's withdrawal first. After that we can discuss matters with the Lebanese government without the domination of occupation forces. Begin knows that this would mean his fall from power. It has also become evident that the choices Philip Habib is offering are no longer being considered, and this is happening at a time when the Israelis and Phalangists are talking about Palestinian evasiveness and treachery. Prolonging the battle has caused the Palestinians to make numerous political gains. Political maneuvers were handled as skillfully as such battles can be handled under a state of siege.

On this basis talking about the third choice constitutes engaging in negotiations about this and only this matter: the disengagement and Israel's withdrawal from Beirut first, and then the dialogue between us and the Lebanese government without pressure from the occupation forces. This is making us say that Philip Habib has begun to come to a dead end. It is evident that he is beginning to sink in Lebanon's quick sand, as indicated by his recent tour during which he traveled between a number of Arab capitals, London and occupied Palestine. All this is an indication of the fact that he is beginning to play his last hands, that he is becoming nervous and that the Zionist enemy is beginning to lose his patience. Recently, Israel has begun talking about the need to storm [West Beirut], and the Phalangists are publicly prodding the Israelis to do so so that they and the Israelis would not have to lose Beirut, Mount Lebanon, south Lebanon, al-Biqa' and all of Lebanon.

As far as the battle of Beirut is concerned, these expectations and everything you hear about withdrawals, departure plans and incoming and departing ships constitute only one part of the psychological war that is being waged against the Revolution and against the masses. It is an attempt to frustrate the morale of the Palestinians and to prepare the way for the realization of aggressive objectives. We will prove to the whole world that Palestinian and Lebanese fighters, who represent the vanguard of the Arab nation in the process of creating a new Arab, have begun formulating [their position] and sharpening [their skills] in the battles of Beirut. It must be said that the more likely possibility will only come about on the scene of steadfastness and combat because the Zionist enemy realizes that achievement of [Palestinian objectives] will be tantamount to a political and a military defeat for all his objectives. The Zionist enemy realizes that we have scuttled all his objectives and realized tremendous gains.



## The Objectives of Steadfastness

[Question] The slogan that is being proclaimed in Lebanon is that of continued steadfastness. Can you explain to us what are the objectives of that?

[Answer] There are two objectives for steadfastness: one is immediate and one is not. The immediate objective manifests itself in buying time. It is clear that we have begun winning over world public opinion. It has become evident that this is a condemnation of Fascist and Nazi Zionism. The brutality which characterized the attack on the defenseless masses means that we have won over world public opinion. As a result, we have begun fortifying our positions. Every day that goes by we build new fortifications; we set up new mines; and we strengthen our forces with new fighters and new weapons. At the same time we are wearing out the enemy and depleting his resources, forcing on him what we want. What we used to accept in the past, we do not accept today; and what we accept today, we will not accept tomorrow. Our ability to engage in a dialogue and in discussions grows every day. We do not feel that there are any restrictions on our ability. Quite the contrary, the independence of the Palestinian decision has become more prominent as a result of the fact that the siege has been prolonged and the enemy has not been able to dictate his conditions on us. There is no doubt that our steadfastness in Beirut has created a state of confusion in the ranks of the separatist, Zionist American enemies; it has created a state of awakening in Beirut and in south Lebanon where our people have begun striking enemy forces behind enemy lines. The enemy does not tolerate the idea that we see the battle of Beirut as one where we have no choice but to fight. Our initial objective of liberating Palestine remains unchanged; it is what we've set our sights on despite the siege.

Although part of our forces are surrounded in Beirut, our enemy is surrounded by more than what surrounds us. Furthermore, the siege of Beirut is a siege on all Arab capitals; it makes Beirut more capable of standing up to negotiations. This battle has revealed to us a fact that may have been unknown to some people even though it was not unknown to us. This fact is that the time has come to bring statements about moderation in the Arab region to an end. The aggressive Fascism of Zionism and U.S. imperialism has proven that our enemy wants only clients; our enemy does not want honorable people. Even Rashad al-Shawa, whose elimination had been considered by some of us, has been rejected by Israel. The Israelis want clients like Mustafa Dudin and Sa'd Haddad. The time has come for the idea of moderation to come to an end after this battle. The Zionist enemy has proven that there is no future for anyone who faces him with this mentality. Such a person is bound to be struck down as many moderates inside occupied Palestine have been struck down.

[Question] How did Habib's efforts become a focal point of the ongoing negotiations in Beirut?

[Answer] There is no doubt that the separatist, Zionist, American enemies have numerous choices in the wake of the changes that took place: the Zionist enemy is now occupying all of south Lebanon till Beirut, and the separatists are controlling part of Lebanon. This is happening at a time when the legitimate government is granting cover to both parties. This is making it possible for Habib to pursue his mission in the course which the United States had planned for it. There is no doubt that we are not negotiating with Habib, but under existing

circumstances we can only become involved in part of the dialogue or, to be specific, in a dialogue via al-Wazzan. We proposed to the Arab nation at the conference of foreign ministers and at [the meeting of the] six-member committee in al-Ta'if that what must be focused on is the Israeli occupation of Lebanon, not the Palestinian presence in Lebanon. However, what is evident is that the United States, Israel and the legitimate government in Lebanon or, more precisely, Sarkis's authority, are all determined that the discussions be about the Palestinian presence. It seems that the Arabs are party to that also. They are doing the same things that would make Philip Habib's talks go according to the manner in which he has been conducting them; they are making dealing with Habib inescapable. But we are determined, despite this situation, to frustrate Philip Habib's efforts so he can collect his papers and leave the area, having failed to achieve his objectives. We will find that all the changes that Arab regimes, Philip Habib and all our enemies in Lebanon have tried to drag us into in the coming brief period have been attempts that were made in vain.

[Question] How did national unity emerge and manifest itself during the ongoing confrontation?

[Answer] All the members of the PLO groups are joined together in a front that has its charter and its program. Everyone in that front agrees about the common enemy: the Zionist-imperialist enemy. On that basis we think that in the battles all errors fade, all imperfections and all conflicts disappear, and we find ourselves facing only what serves the principal conflict with the enemy. National unity became evident in the best possible way among fighters who basically do not know any differences between this or that organization; nor do they know of any differences between their leaders. The fighters and their leaders are preoccupied with their principal conflict and with the outbreak of fighting. This causes them not to become distracted by any other trifling matters that may ordinarily occur. We are proud of the fact that democracy and freedom of opinion manifest themselves on the Palestinian scene and that our people do not suffer that oppression which Arab masses suffer from.

#### The Lessons of the Fifties for the Masses

[Question] How do you explain the weakness and occasionally the lack of action on the Arab scene?

[Answer] The Arab masses have been and are being subjected to a planned and organized campaign to attack their convictions and destroy their psyche by attracting their attention and then distracting that attention from their principal battle in Palestine. During the years of its struggle the Palestinian Revolution has been able to prove to the Arab nation that its principal conflict lies with the Zionist enemy and that the principal episode in its struggle is the question of Palestine. The imperialist enemy is creating for the Arab nation problems here and there to distract it from the principal episode.

In the Arab Maghreb we find that three Arab countries are preoccupied with the war in the Sahara. In the east, we find that the war between Iraq and Iran has exhausted the capabilities of both nations and attracted the attention of the Gulf countries. In addition, Egypt and all the Palestinians and Arabs of the occupied land have been taken out of the battle after the Camp David Agreement.

This has not only discouraged the masses, but it has also led them to think that they cannot object to what is happening. Therefore, they wait for a categorical change in the locations of their struggle so they would rise once again and play their role in numerous struggles. I am confident that the Arab masses no longer think that demonstrations and actions on the street express their solidarity with the Palestinian Revolution. I have felt that these regimes which have plundered the wishes of the Arab masses, destroyed their freedom, conquered them and oppressed them may not be allowed to air their positions through the actions or demonstrations of the masses. Instead, these regimes must be disciplined in a manner that would make these masses the masters of their own will. Demonstrations and the process of letting off steam mean nothing to these masses. Therefore, following this silence by the regimes, we expect that there be storms such as those which swept the Arab area in the aftermath of the 1948 disaster. The violent national awakening that took place in the fifties was caused by the collusion of these regimes regarding the war in Palestine. What is happening now is causing the masses to recall the lessons of the fifties so they can play their role again. This time they will not do that in demonstrations or marches. The masses see their role as one that goes much beyond that. We shall soon see.

[Question] How do you view the present efforts of the Lebanese government in the preparations it is making for the presidential elections? How will you deal with the Lebanese government during that time?

[Answer] First, it has become evident to all observers that this government is in collusion with the occupation. It is a government that is not entitled to make decisions because it is a government that depends on the occupation and its decisions are not its own. Therefore, we do not expect that Sarkis will succeed in convening the Chamber of Deputies to elect a president. In fact, there is agreement among various groups that lead broad sectors of independent Christians and nationalists that such a measure would not be permissible under occupation. There is a new tune about renewing Sarkis's term for a period of up to 2 years until events become clear. There is no doubt that the interaction of events is placing the government, which is represented by Sarkis and Fu'ad Butrus, in a critical position, even in front of their friends. This is so especially now when the Israelis are forcing the Lebanese army out of their barracks. The Israelis have begun evicting the offices of the Lebanese government and raising the Israeli flag there. This is an indication of the fact that the occupation forces plan to stay for a long time. We've begun hearing [rumors] that the Zionist army is making plans to spend the winter in Lebanon and that it will set up buildings and provide furnishings in the Ansar detention camp. It is expected that these buildings will be completed in 1 year. This means that the enemy's army is staying and that its stay will last a long time. We know about Zionist ambitions in Lebanon. It is enough to say that there still is a committee, which was established in 1949, called the Litani Committee. This establishes what the ambitions of the Zionist enemy in Lebanon are. Israel would not have come into Lebanon and would not have let its soldiers die without realizing its ambitions.

[Question] What do you see in the future for the Revolution and the Palestinian question?

[Answer] The Revolution is a struggle of wills between us and our enemy. The Revolution has its plans just as our enemy has his. It is evident that the

Zionist enemy wants to end this Revolution in one of two ways: the Zionist way, or the Begin-Sharon way, insists on exterminating the revolution on the basis of the belief that this would give Israel a reprieve from wars of 40 to 50 years. The second way is the American way; it states that it is necessary to force the PLO to disarm and recognize Israel through UN Resolution 242. It is known that the United States is determined not to talk with the PLO unless the PLO recognizes Israel and accepts Resolution 242.

This is the enemy's plan. Ever since its birth the Palestinian Revolution has affirmed that its choice is that of a long-term people's war. We can only confirm this choice, especially after the lessons we've learned and those that we will learn from the ongoing battle. These lessons are that the strategic positions we proposed are proper; what we will do is proper; and the Lebanese and Palestinian masses have proven that a person can achieve victory over an advanced and a strong machine. Accordingly, the future of this Revolution is to be realized by these people and by these masses. What we are saying here is not rhetoric. We are talking about facts whose title is written in blood and one of whose forms is steadfastness. We are saying that our future is to continue this Revolution not only until victory, but we will continue to revolutionize the Arab masses so they can achieve all their great and noble objectives.

8592

CSO: 4404/651

## INTER-ARAB AFFAIRS

### BRIEFS

SUGAR PROBLEMS DISCUSSED--In Kuwait a subcommittee belonging to the Arab Chambers of Commerce, Industry, and Agriculture held a symposium for the purpose of following up on decisions made by the Chambers of Commerce concerning the Arab world's potential [for achieving] a secure food supply. Sugar was the foremost concern of the symposium. But instead of making an effort to basically modify their thinking regarding agriculture in the Arab world--and adopt the approach of Arab integration [in the field of agriculture]--those participating in the symposium oriented their thinking toward intensification of capital development in the production of sugar and exporting it--especially in the case of Sudan. The participants did not forget the matter of "publishing an Arabic encyclopedia which will include the terms used in the sugar industry in order to enrich the Arabic language"! [Text] [London AL-DUSTUR in Arabic No 245, 2 Aug 82 p 38] 9468

CSO: 4404/624

ISLAMIC COMMUNITY IN EUROPE DESCRIBED

Cairo AL-LIWA' AL-ISLAMI in Arabic 2 Sep 82 p 18

[Article by Mahmud Bayyumi: "AL-LIWA' AL-ISLAMI Visits Muslims in Europe"]

[Text] In Italy, Muslims got a court order to build a mosque in Rome.

In Britain, 200 mosques and a prayer room in every school.

In Belgium, 250,000 Muslims want an Islamic formal legal opinion.

In Romania there are 72 mosques, and Islam is beginning to flourish.

[In previous issues] AL-LIWA' AL-ISLAMI presented several reports about the conditions of Muslims in Asia and in Africa. Today, it presents its report on the conditions of Muslims in Europe. How do Muslims live in European countries? What are their demands? What are their problems? What did they do to make Islam become an existing fact?

Al-Shaykh Abu al-Qasim Amini, director of the Islamic Center in Rome spoke to us about Islam in Italy. He said, "Islam came to Italy in the year 212 Hegira when the Arab commander, Asad ibn al-Furat was able to conquer the island of Sicily. Islamic kingdoms were founded on that island, and these kingdoms built numerous mosques and spread Islamic culture.

"Today, there are 50,000 Muslims in Rome alone. These Muslims encountered strong opposition to the construction of a mosque in that city, but recently they got a court order allowing Muslims to build a mosque in the capital, Rome. Construction of the mosque will cost 12 million pounds sterling."

Teaching the Arabic Language

The Islamic community in Italy set up a number of schools to teach the Arabic language and the Islamic religion. Muslims in Italy have their own cemetery, and they have a company for slaughtering animals and selling meat in the Islamic way and in accordance with Islamic law.

Muslim Demands: Advocates and Teachers

The demands of Muslims in Italy are concentrated on their request for advocates

and teachers. They are appealing to the countries of the Arab and Islamic world to furnish them with Islamic books so Muslims can read about Islamic culture from its true sources. The director of the Islamic Center affirms that the numbers of Muslims are continuing to increase. He says that the Islamic Center there put together an Islamic course which is being taught in some Italian schools. Italy is also going through a period of awakening in translation. Many books, especially books about Islamic jurisprudence and Islamic law are being translated from Arabic into Italian.

#### Muslims in Germany

Fathallah (Harvard), director general of the German Islamic Society said, "Germany is one of the countries that was exposed to Islam recently, particularly during World War I when it built a camp for Muslim prisoners near Berlin. Those Muslims built a small mosque which is considered the first mosque that was built on German soil. A large number of Muslims emigrated to Germany during World War II to flee from communist persecution. Then more Muslims and Arabs emigrated to Germany in search of knowledge or employment."

#### We Worked Hard To Get Recognition for Islam

Fathallah (Harvard) added, "We worked hard to get recognition for Islam in Germany, until the German government guaranteed [Muslims] freedom of religion and the freedom to worship."

The director of the Islamic Society is asking Arab countries to provide material and moral support to Muslims in Germany. He said, "Egypt has furnished us with a complete Islamic library, and al-Azhar University signed an agreement with us to adapt the courses of al-Azhar to the Islamic schools we founded here in Germany, such as the School for Higher Islamic Studies." He said, "There are about half a million German Muslim children who need to learn Arabic and Islam. We need the necessary teachers who can teach the Arabic language and the Islamic religion. We also need advocates of the faith for the mosques."

#### Mosques in Germany

There are several mosques in Germany; these are in Munich, Berlin, Hamburg, Aachen and Mainz. There is also a large number of prayer rooms in all Muslim areas.

As far as the number of Muslims in Germany is concerned, there are now 2 million Muslims who came to German from all parts of the Islamic world. On the average the number of Muslims increase by 30,000 every 5 years.

#### Muslims in Britain

Dr Zaki Badawi, an Egyptian, who was the director of the Islamic Center in London, spoke about Muslims in Britain. He said, "The number of Muslims in Britain is 2 million. They built 300 mosques. In London alone there are 50 mosques. The Islamic Center in London is one of the largest Islamic center in Europe."

Dr Zaki Badawi added, "Egypt provided the land on which the Islamic Center in London is built as a gift to the Islamic community there in return for a comparable lot of land in Cairo for the Anglicans. The Islamic Center in London has a board of trustees. [Those who serve on that board] are ambassadors of Arab and Islamic countries. The Islamic Center in London represents the Islamic personalities that work for Islam and for Muslims."

#### A Prayer Room in Every School

The Islamic Center was able to persuade some British schools to set up a place for prayer in each school that has a number of Muslim students so these students can perform the rites of their religion. A decision has also been made to devote one class every week to explain the teachings of Islam to British students.

#### Muslims in Belgium

Al-Shaykh Muhammad Muhsin al-'Alawayni, director of the Islamic Center in Brussels talked to us about Muslims in Belgium. He said, "There are 6 million Muslims in Belgium; they are considered the second religious minority there.

"In 1965 the number of Muslims in Belgium was only 180,000.

"With the increase in the number of Muslim immigrants, the Islamic Organization in Belgium was established. It was that organization that set up the Islamic Center in Brussels.

"The Belgian constitution stipulates recognition for the Islamic religion, and in 1965, at the request of the ambassadors of Islamic countries there, the government of Belgium agreed to recognize Muslims.

"In 1975 the government of Belgium also approved that the Islamic religion be taught in the schools of the Islamic community, and it approved that one Islamic class a week be taught at all schools."

Al-Shaykh Muhammad Rida 'Abd-al-'Alim, emissary of the Ministry of Religious Trusts to Belgium said, "There are 140 mosques in Belgium where religious services are held. Islamic schools and offices that teach and help Muslims memorize the Holy Koran are widespread. There is an Islamic library which has 40,000 volumes about Islam in various languages."

He adds, "Muslims in Belgium have charged me with the task of presenting their problem to officials in Egypt who are responsible for advocating the Islamic faith. Daylight in Belgium exceeds 20 hours, and the Muslims in Belgium want an Islamic formal legal opinion that would allow them to combine the sunset and evening prayers or the evening and dawn prayers at the same time. Several formal legal opinions have been issued for them from Islamic countries like Turkey, but they want an Islamic opinion on this matter from the scholars of al-Azhar."

#### Muslims in Romania

Al-Shaykh Ya'qub Muhammad, the mufti of Muslims in Romania talked to us about Muslims in Romania. He said, "Romania has been exposed to Islam since the year



1262 A.D. There are 14 religious sects in Romania, and Islam is one of them. We have 72 mosques, and the government pays the salaries of the imams of the mosques. There are 85 Islamic societies in Romania. These societies pooled their efforts and merged into one Islamic council, the (Suwari Islam) Council. The government also repairs mosques; we take part in international Islamic conferences; and we perform our duty and go on the pilgrimage. In Romania there are three Islamic museums that contain Islamic art, Islamic calligraphy, Islamic decoration, weapons, lamps and Korans."

8592

CSO: 4504/536

# IRANIAN MUSLIMS CALL ON AFRICA TO SUPPORT NEW JIHAD

Johannesburg THE STAR in English 4 Sep 82 p 5

[Article by: Yussuf Nazeer]

[Text]

**A campaign to spread the Iranian Muslim government's philosophies and influence worldwide has been carried to Africa with calls**

**for a spiritual — and physical — holy war.  
By Yussuf Nazeer of The Star's Africa News Service.**

**FREETOWN, Sierra Leone** — Iran has called on black Africa's more than 100 million Muslims to join in a world-wide jihad (holy war) against unIslamic and anti-Islamic forces.

Top imams (spiritual leaders) from Ayatollah Khomeini's fundamentalist, revolutionary government flew to Sierra Leone recently to a conference of Muslims from every major state in Africa including South Africa.

Militant young delegates leapt up with clenched fists shouting "Allah hu Akbar" (God is great), giving the Iranian imams a resounding ovation and pledging a vote of confidence in the leader of the Islamic revolution in Iran, Ayatollah Imam Khomeini.

The six fundamentalist revolutionaries — one of them an ambassador based in Nigeria

— took turns to pound out lengthy tirades against Saudi Arabia, the Arab emirates, Egypt, Morocco, Syria, Zionism, America and whoever else was considered to be the enemy of Islam.

In the early stages of the conference pro-Saudi delegates from Sierra Leone, Gambia and Liberia objected to the attack on the Saudi monarchy, and fierce arguments broke out between supporters of Iran and pro-Saudis. No Saudi Arabs were at the conference.

Saudi supporters fell silent after speakers pointed out that Islam did not recognise monarchies and that the Saudi family had earned a reputation for luxurious living, gambling, liquor-drinking, fornication and other excesses which the Islamic scripture, the Koran, condemned.

The Iranians blasted the Saudi Arabians for conspiring with the "unholy" Americans, the "treacherous" Egyptians and the "kaffir atheist" Russians and for secretly supporting the "pa-

gan" Saddam Hussain of Iraq to destroy Iran.

The Iranian ambassadors' call was centred on the theme of the conference — Haj, or the major Islamic pilgrimage to the holy land of Mecca and Medina which takes place this month.

The imams said the holy land where millions of Muslims gather annually for the Haj, should be the launching point for the world jihad.

They said Islamic history would show that Mecca and Medina were the first Muslim military bases from which the first Islamic revolution was launched under Prophet

Mohammed.

This holy area, they argued, had remained the centre of Muslim unity from the seventh century right up to the present. But the Saudi monarchy family had usurped it, and so were not the true custodians of this holy land.

The latter belonged to all the Muslims of the world and it was time they reclaimed it and controlled it themselves.

The imams called on the more than 100 million Muslims in Africa to join forces with the other millions of Muslims worldwide to expel the Saudi mon-

archy from Arabia.

"When the holy land is restored to the control of all Muslims, the spirit of jihad and shahadah (martyrdom) will rise here again to conquer the evil forces

of the world as it did in the days of the Prophet and Salahudeen (Saladin)." Sheikh Imam Mohammed Ali Buru declared. Militants jumped to their feet to give him a thunderous ovation.

The five-day conference ended with the anthem of the Ikhwan al Muslimeen (the militant Islamic brotherhood which arose in Egypt before World War 2 and flourishes

throughout the Middle East today).

A Supreme Islamic Council of Africa was formed and recommended that:

- Mecca and Medina (the former is where Islam started in the seventh century, and the latter is where the Prophet's tomb stands) be controlled by a world committee on which Muslims from every country are represented.

- Mecca and Medina become bases for all Muslim activity including jihad (holy war).

- A powerful Islamic radio and TV station as well as a newspaper

be established in Africa to spread Islamic propaganda.

- An international Islamic bank and central treasury be set up to help third-world Muslim governments upgrade their quality of life and finance jihads against "imperialism and racism."

- Extortion of pilgrims by Haj guides, agents and hoteliers be eradicated, and that the Saudi government be informed that the landing tax they charge pilgrims at Jeddah was Islamically illegal and must be withdrawn.

When they spoke about "exporting the

Islamic revolution" the Iranians were not talking about arms, men and oil money.

They said they were exporting a spiritual dogma, a metaphysical concept which the importers had to translate themselves into practical terms.

The people had first to be programmed into understanding the underlying spiritual principles which went into the making of a successful Islamic revolution.

They said the Iranian government was spending millions of rands to export this concept.

The imams described the revolution as a two-phase programme. First Muslims had to undergo "inner spiritual preparation" called "Jihad al Akbar," aimed at eradicating the weaknesses and inherent evils in man's lower nature.

The tools to achieve this were believe in God and the Prophet, prayer five times a day, fasting to realise the suffering of hunger and giving away part of one's earnings to eradicate greed and selfishness.

It meant abstaining

from alcohol, drugs, fornication, pork-eating, lying, stealing, anger, hatred and worshipping false gods or idolising false, impious and immoral leaders, the imam said.

An imam who was involved in the overthrow of the former Shah of Iran, Sheikh Mohammed Ali Buru, said the success of jihad lay in "imaan" and "shahadah" (faith and martyrdom).

"It was this kind of faith which got us to drive the infidel Iraqis out of Iran, and which made us overthrow a pharaoh of the 20th century, the tyrannical

Shah," he said.

The second phase of the envisaged two-phase programme could involve combat, according to the Iranians.

But Hojjatual Islam Iravani, another revolutionary imam, said: "We regard the second phase of the holy war as the minor battle (Jihad al Asghar). To the infidels, it appears as a major battle. It terrifies them because their whole inner mental and soul structure is weak," he said.

The imams said the Arabs with all their oil power and devastating arsenal could not defeat Israel because they

did not fight "like God-conscious mujahadeen."

The imams also warned that soldiers without high moral ideals and values would indulge in wanton murder, rape, robbery, arson, mutilation and senseless destruction.

Islam and the Prophet forbade this, they said, and Muslims would have to go to history to see how the Prophet Mohammed had fought his wars in the seventh century, and how Saladin (Salahudeen) had conducted his battles in the 12th century, which made them victorious.

PERSIAN GULF AREA

UASC CONTAINER CONTROL CENTER IN DUBAI

Dubai AL-BAYAN in Arabic 31 Jul 82 p 2

[Article by 'Ali Lashin: "Dubai Becomes the Control Center for UASC Containers; 35 International Shipping Companies Utilize the Port of Rashid"]

[Text] Recently the Container Control Center of the United Arab Shipping Company [UASC] was transferred to Dubai. The Container Control Center had been in the British port of Liverpool for about 5 years--ever since it was established in 1976.

Edward (Knowles), the center's chief, said that the decision to transfer the center was taken for a number of reasons. These reasons include the desire to realize some of the goals of the company's policy, which has the objective of concentrating and establishing the company's principal divisions and organizations in the Gulf area, on the one hand, and also lowering operational costs, on the other hand. Another reason given was the fact that Dubai has become one of the largest container ports in the eastern hemisphere. It is a center of activity and crossroads for more than 35 international shipping companies, and the port of Rashid handles the containers which are destined for [all] the other Gulf nations.

Dubai, in addition to being one of the ports of the nations which own the company, also possesses many of the facilities which are found in European ports, and in many cases Dubai's facilities are better than those in some of them, especially when it comes to means of transportation, communications, and availability of commercial and residential buildings for the offices, companies, and the individuals who work in them.

When talking about the functions of the Control Center, Mr (Nulz) said: "The company's container fleet currently consists of 37,108 standard 20-foot containers. A total of 59 percent of the containers are owned by the company, and the other 41 percent are rented. Our job is to control the movement of this large number of containers between the ports of the Gulf area and the Red Sea area, on the one hand, and between European, U.S., and Asian ports, on the other hand." "Another of our functions is to inspect and keep track of [work done by] factories which build containers in various parts of the world in order to benefit from the improvements and developments which they are introducing in this field."

The head of the Container Control Center went on to say: "In May 1980 we introduced a computer into the Control Center in order to regulate the movement of containers being transported on the company's ships. Furthermore, at the headquarters of the center in Dubai right now we have the most modern apparatus for sending messages and pictures by telephone to any location in the world."

In conclusion, he said: "Since the beginning of the year the growth rate in our container fleet has been 16 percent. This growth rate will probably triple by the end of next year when the company receives the last of its 9 container ships, the capacity of each of which will be more than 1,800 containers."

9468

CSO: 4404/608

COMPREHENSIVE LITERARY PROGRAM BEING IMPLEMENTED

Kabul ANIS in Dari 7 Sep 82 p 2

[Text] Following the glorious, national and democratic Sawr revolution, particularly after its new and evolutionary stage, the PDPA and the DRA have given special attention to education and the elimination of illiteracy, issues which under present conditions are pressing, basic and essential.

The Literacy Bureau has put into effect various programs aimed at eliminating illiteracy:

1. General Literacy Program

This is a general public program the 3 textbooks of which include important social, economic and political matters.

The textbooks of this program have been prepared for all social strata and levels, especially for use in cities and government offices and institutions for the benefit of workers, laborers, tradesmen, soldiers, scout organizations and the country's toilers generally. For the time being, farmers, women and in some cases teenagers are also making use of them.

At present this program is being followed in most literacy campaigns and so far has shown positive and good results.

2. Literacy Program for Women

Studies show a greater illiteracy rate among women, an indication of a lack of attention of past governments because women then were kept within the confines of their homes and had no right to participate in the economic, social and political affairs of the country. As a result, their abilities have not flourished and they have had little chance of participation in the development of the country. Because of this, the PDPA and the DRA have directed serious attention toward the matter and have reflected the question of the health of mothers and children and the education and vocational training of women in Article 26 of the basic principles. Also, according to Decree No 28 of 13 Hamal 1359 [2 April 1980] issued by the revolutionary council of the DRA concerning women's right to education: "The elimination of illiteracy among the female strata of the country will be carried out effectively on a voluntary basis."

The Literacy Bureau has therefore devised a different program for women generally, be they residents of cities, towns and villages or factory workers. After a necessary review, it will soon be implemented. The first textbook of the program which has been prepared according to the DRA's educational system and revised to reflect the spirit of the revolution, has been printed on an experimental basis.

The women's educational program includes matters concerning family management, home hygiene, family clothes, ordinary incidents in the home and how to prevent them, first aid, child care, food and nourishment, minor ailments, communicable diseases, mental and social health, inter-family relationship, family budgeting and economy, society and the cooking environment, the role of women in society, knowledge of the country, general education and other issues with which women contend with and which bears on their role at individual and social levels.

### 3. A Combined Farming-Cooperative Training Program

This program includes subjects such as: basic farming, preparing the land, the use of improved seeds and chemicals, the alternation of irrigational farming, agricultural pest and insect control, technical cultivation procedures, various animals and vegetations, cooperatives, to benefit from agricultural improvement services, the basic role of cooperatives, the organization and operation of cooperatives that includes an evaluation of the benefits of cooperatives and their effect in promoting the interests of farmers, political awareness of matters and issues of the day and other farming-related matters.

### 4. Supplementary Educational Program

The Literacy Bureau has, since the new and evolutionary stage of the Sawr revolution, devised a new program for those of our sisters who have either completed the literacy classes or because of some past reason or factor their education had remained incomplete and would therefore need this supplementary program.

The Literacy Bureau opened its first supplementary education center on an experimental basis at Vazir Akbar Khan Mineh in 1980 and results were satisfactory. So it opened another center at Shah Shahid the following year, and a third and fourth center the year after that at Mirviz Meydan and Kheyr Khaneh Mineh. A large number of our sisters are being educated there. Following evaluations and because of the large number of women participating in the programs, the Literacy Bureau has decided to set up 2 more centers and also establish similar courses in the provinces.

In addition to the abovementioned books and courses studied by women at these centers, they also learn such trades as tailoring, typing and home management.

### 5. After School Education

Alongside its adult literacy programs, the DRA has also kept in mind and instituted programs for the education of teenagers outside the school.

As a first step 4-year school programs are to be completed in 2 years in that in one year the 1st and 2nd grades will be studied and in the second year the 3rd and 4th grades. In case they are eligible for entry into primary schools, they will have the right to go into the 5th grade and benefit from the official curricula. If they are older, continuing education will be provided to them through voluntary examination and eligibility in night classes. The first textbook for the education of teenagers outside the school system was prepared in 1980 and was printed in the spring of the following year. The second text book was printed in January of 1981. The preparation of remaining textbooks continue.

#### 6. Continuing Education

Needless to say, literacy must be an on-going effort in that those of our sisters and brothers who complete literacy courses must continue their studies. Otherwise they will gradually lose what they have learned. This program is therefore tailored to the needs of that group of literacy graduates who, after completing the basics, for one reason or another could not be absorbed in the supplementary education centers or in regular schools and stood in need of this refresher course in order to prevent them from forgetting what they have learned. Fortunately such a program has not escaped attention and various materials for all of the sectors previously mentioned are being prepared and put at their disposal.

In addition to the programs mentioned above, the Literacy Bureau is undertaking in combination with other programs a mass educational program which is considered a modern phenomenon in education.

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CS0: 4665/35



MORE PRODUCTION OF NATURAL GAS PLANNED

Kabul HAQIQAT-E ENQELAB-E SAWR in Dari 5 Sep 82 p 2

[Report by Sohey1]

[Text] The Sheberghan Gas Extraction and Transportation and Well Drilling Department, which has been active with the economic and technical help of the friendly and brotherly USSR, now enjoys special importance from the economic viewpoint of our country.

In the month of Mizam 1346 [23 September-22 October 1967] the Khvajeh Gugerdak gas installations, located 25 kilometers southeast of the city of Sheberghan, began operations with 39 wells while the Jarqadoq sulfurous gas installations, located 15 kilometers southwest of Sheberghan, began production in Hut 1358 [20 February-20 March 1979] with 18 wells.

The activities of the Sheberghan Gas Extraction and Transportation Installations include the production, refinement and drying of natural gas and its transportation to domestic and foreign industrial users. Production levels vary according to consumer needs during the year but on average output per hour is 270,000 to 300,000 cubic meters. In addition to shipments to the USSR, the gas is also supplied to the fertilizer and power plants in Mazar-i Sharif as well as the Balkh weaving mills, so that the sales proceeds from natural gas production, condenser oil and lime come to more than 15 billion afghani and comprise about 50 percent of the government budget.

The source said that as a result of all-out efforts of project workers, output of natural gas in 1981-1982 was 2,761 million cubic meters--121 million cubic meters more than the target figure--while condenser oil output reached 8,548 liters--again 246,000 liters above the targeted output.

Moreover, natural gas output in the first 4 months of the current year has been 682.7 million cubic meters.

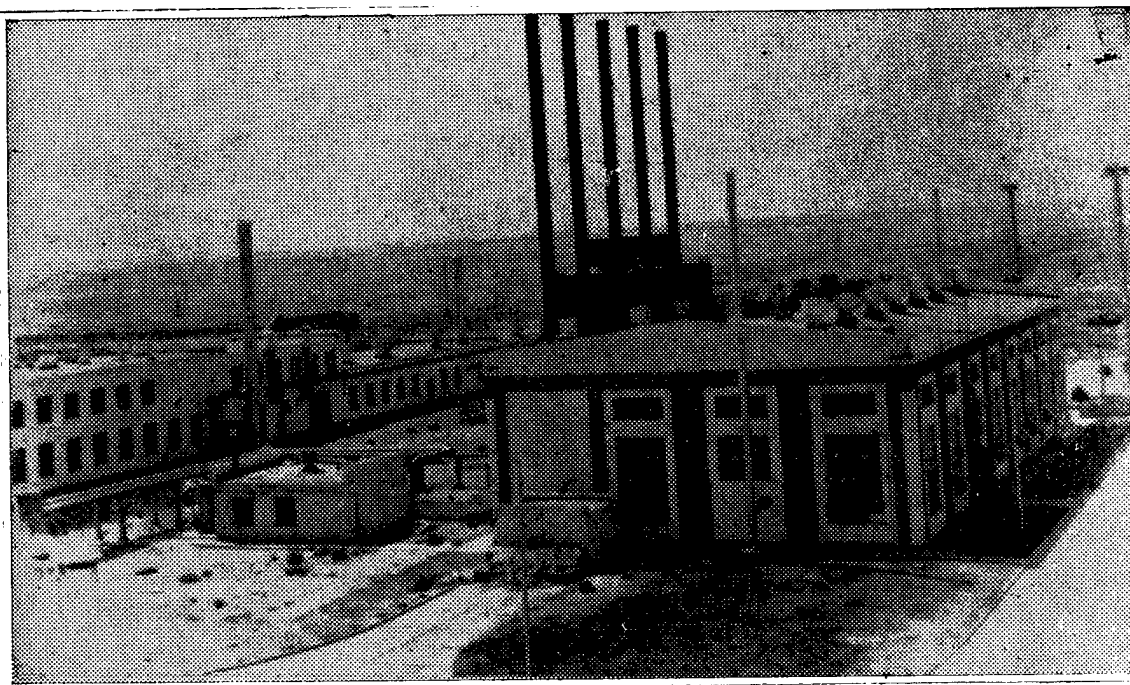
In next year's plan we intend to increase gas output to 2.84 billion cubic meters and to increase that figure to an annual output of 32 billion cubic meters by starting production operations at the Khvajeh Bulan reserves, the Jarqandoq Jurassic layers, the Jangal Kalan Jurassic, the Jom'eh Jurassic,

the Khvajeh Gugerd Jurassic and the alp and apt [sic] levels of Khvajeh Gugerd.

We also plan to improve the living conditions of workers and to provide more living quarters, clubs and recreational facilities so that by 1988-1989 the 1,000 worker-family project will have been completed.

At the same time we have taken effective steps in furthering the wellbeing of the workers, including the availability of doctors and health clinics and the free supply of drugs which since the start of the current year has cost 203,900 afghani.

The source added: Workers and employees of the project number 1,701 of whom 861 are members of the guild union. All of them take part on regular scheduled basis in insuring security in the city of Sheberghan and in the self-defense needs of their project, either while working behind the machinery or by carrying arms to insure the security of their city or installations.



A scene from the Jarqandoq gas installations, located 15 kilometers from the city of Sheberghan

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CSO: 4665/35

HOUSING BOOM NOTED

Paris AN-NAHAR ARAB REPORT MEMO in English No 30, 13 Sep 82 pp 5-6

[Text] The building boom currently under way in Algeria is proving rich pickings for construction companies operating there. In accordance with a decision taken three years ago, 450,000 new housing units are to be built during the present five-year plan (1980-84), roughly the same number as were constructed in the 13 years to 1979. This target may not be met, but the government has allocated a massive \$14 billion to housing in the plan and this year's budget alone contains an allocation of \$2.2 billion. Of this, \$1.7 billion is to be spent on imported pre-fabricated homes, an item which accounted for 10 per cent of Algeria's import bill in 1981.

Other opportunities for the construction industry will emerge over the next five years with the building of new towns and the modernisation of existing town centres in Algiers, Constantine and elsewhere. The government has allocated \$2.5 billion for these developments and will award contracts for schools, hospitals, public transport and sports facilities.

The new emphasis on housing is part of President Chadli Benjedid's drive to make up some of the backlog in social and consumer needs left in the wake of the heavy industrialisation programme undertaken by his predecessor, the late Houari Boumedienne. The present government is aware of the need to raise living standards, particularly in the area of housing, since this is seen as a prerequisite for any campaign to bring down the country's galloping 3.2 per cent annual birth rate. The population has doubled to 20 million since independence in 1962.

The government is also hoping that the flow of people into swelling urban centres can be checked by its policy of building new towns inland and encouraging new houses and schools in the villages. The boom has led many people to bring out their savings to invest in building, much of which is being carried out by individuals from all social levels, independently of government-sponsored schemes.

One chance event which seems to have acted as a major stimulus to the buildings programme was the earthquake which destroyed the city of El Asnam in October 1980. By November 1981, 20,000 houses had been built as part of an impressive effort to rebuild El Asnam, which rose from the devastation with a new name, El Chelif.

Many international companies have been attracted by the construction boom. French firms, such as Bouygues and Dumez, have won lucrative contracts and Canadian companies such as Treco have also done well. In June, French companies negotiated a draft agreement for the construction of 60,000 homes, while the Hungarian firms Emexport and Nikex have recently obtained orders for 1,000 and 1,700 apartments respectively. Last month, Italian companies won contracts worth a total of \$225 million.

British companies have lagged behind the field. The British and Algerian governments signed a \$346 million agreement in October 1981 for the construction of 20,000 homes but this figure has not been achieved. A handful of small contracts has gone to British firms, but protracted negotiations between the Algerian government and the British Construction Group, containing Wimpey, Cementation, McAlpine and R M Douglas, still await an outcome. However, the British authorities are now reported to be taking a greater interest in the Algerian market and, where housing is concerned, are ready to provide credit and other conditions similar to those offered by other European and North American governments to help their companies win orders.

CSO: 4500/309

## ANNUAL REPORT BY CENTRAL BANK OF EGYPT, 1980-81

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## Chapter One: National Economy

### General View

1. The 1981-82 economic and social development plan underlines the state's desire to realize greater social justice and to lighten the living burdens by realizing a 9.8 percent growth rate in the gross national product at the fixed production cost factors and a growth of 13.5 percent at the current production cost factors in return for an ultimate consumption growth rate of 10.4 percent. The drop in this [consumption] rate below the growth rate of the gross national production at the current prices will result in a drop in the final consumption rate vis-a-vis the GNP and, consequently, in increasing the national saving rate from 15.7 percent in the 1980-81 plan to nearly 18.3 percent in this year's plan. This means increased reliance on the national resources in financing 83.6 percent of the plan's investments, estimated at 4,777,700,000 pounds. The remaining part of the investments will be financed by foreign loans.

2. Expenditures in the state's general budget for fiscal year 1981-82 have been estimated at 8,559,600,000 pounds, with an increase of 1,757,900,000 pounds, or 25.8 percent, over the estimates for the preceding fiscal year whereas the revenues have been estimated at 8,487,200,000 pounds, with an increase of 2,170,400,000 pounds, or 34.4 percent, over the preceding year.

3. For the second consecutive year, the current budget has shown a surplus of 741.6 million pounds [for 1981-82] compared to a surplus of 218.2 million pounds in the 1980-81 budget. The current expenditures, estimated at 7,147,900,000 pounds, have been divided between wages (29.4 percent) and current expenditures and current remittances (70.6 percent). The current revenues have been estimated at 7,889,500,000 pounds, of which 69.5 percent are in sovereignty revenues and the rest in current revenues and current remittances.

4. As for the capital remittances budget, which has now come to include only the appropriations for Chapter Four (capital remittances), it has increased by 28.9 percent in comparison to the 1980-81 budget, amounting to 1,411,600,000 pounds financed by varied capital remittances (19.6 percent) and loans and credit facilities (22.7 percent). Thus, the deficit in the 1981-82 capital remittances budget increases by 110.9 million pounds or 15.8 percent above the deficit in the preceding fiscal year's budget to reach 813.9 million pounds. This deficit is to be financed from the surplus in the current budget (463.9 million pounds) and from the Alternative Energy Trust [Fund] returns.

5. The total expenditures of the investment budget, being implemented by the National Trust Bank, amount to 3.7 billion pounds, with an increase of 500 million pounds or 15.6 percent over the preceding fiscal year. Up to 9.5 percent [sic] of this budget will be financed from intrinsic resources and the rest from loans and credit facilities.

6. The 1980-81 monetary and credit developments indicate a decline in the growth rate in the volume of the current means of payment (19.4 percent compared to 24.7 percent) and in the total local liquidity (25.9 percent compared to 32 percent). It is also to be noted that there is a decline from

26.4 percent to 21.8 percent in the growth rate of the currency circulated outside the banking apparatus and a decrease from 21.3 percent to 14.5 percent in the private current savings.

7. Regarding the factors influencing the local liquidity, it is to be noted that the growth in this liquidity is due basically to a net growth in local credits amounting to 1.99 billion pounds, representing 93 percent of the total growth in local liquidity. This growth is attributed to the banking apparatus' increased claims on the private business sector and the public sector companies. On the other hand, the net increase in the claims on the governmental sector are limited to 91.8 million pounds representing only 4.6 percent of the total growth in the net local credit. This considerable improvement is due to the profits earned by the government as a result of the revaluation of the gold deposited as a cover for the [currency] issue at the end of June 1981.

8. The continued steep inflation and the rising international interest rates, in addition to the population growth and the rising standard of living, have resulted in increased pressure on the balance of payments. Despite this, there has been a tangible growth in the revenues from oil exports, tourism, Suez Canal passage fees and from the remittances of Egyptians working abroad. This has brought about a growth of nearly 17 percent in the current revenues. Moreover, there has been an increase of nearly 16 percent in the foreign currency resources of the Central Bank of Egypt and an increase of nearly 6 percent in the resources of the accredited banks.

9. The estimates for the 1980-81 balance of payments indicate an increase in the deficit of the current transactions and remittances in comparison with the preceding year. This is due to the continued deficit in the commodity transactions which has amounted to 2,966,400,000 pounds compared to 2,726,000,000 pounds [presumably in preceding year] and due to the decrease in the tangible transactions from 2,097,400,000 pounds [in 1979-80] to 2,165,400,000 pounds [in 1980-81].

10. The total foreign currency resources at the Central Bank pool have amounted to 2,618,900,000 pounds, with an increase of 359.6 million pounds over fiscal 1979-80. This increase is due basically to the export revenues and other invisible dividends. The total expenditures amounted to 2,798,700,000 pounds, with an increase of 878.9 million pounds, as a result of the increase of commodity imports by 336 million banks, the increase in banking credits by 263.8 million pounds, in the facilities for suppliers by 119.6 million pounds, in the invisible payments by 16.9 million pounds and the increase in the general commitments and deposits by 142.6 million pounds.

11. The total monetary resources within the foreign currency pool of the accredited banks have risen by 104.1 million pounds to 1,972,500,000 pounds as a result of the increase of 51.8 million pounds in remittances from Egyptians working abroad and an increase of nearly 122.1 million pounds in other resources and a drop of 23.6 million pounds in export revenues and a drop of 56.2 million pounds in tourism revenues. As for monetary expenditures, they have risen by nearly 528.2 million pounds as a result of an increase of 203 million pounds in commodity imports, an increase of 123 million pounds in

bank credit repayments, an increase of 40.3 million pounds in credits for suppliers, a surplus of 7.4 million pounds in the airline companies and 173 million pounds in other expenditures whereas remittances from (pocket and travel allowances) dropped by 18.5 million pounds.

12. The figures of the total transaction volume in the securities exchange in fiscal 1980-81 show an increase in each of the face value (8.5 percent), the market value (39.8 percent) and the number of securities (7.7 percent) over the previous fiscal year. This is due to the increased volume of transactions in company stocks and the increase in the average market value of a share from 5.2 pounds to 7.7 pounds. On the other hand, the volume of transactions in government bonds at the market value has dropped by 6.5 percent whereas the number of bonds has increased by 2.5 percent. The reason for this is the drop in the average market value of the bond from 6.7 pounds to 6.1 pounds. It is worth noting that the volume of transactions in the dollar-valued development bonds represents nearly 89.8 percent of the total transactions in government bonds in 1980-81. It is also to be noted that transactions in government bonds are declining due to the small number of bonds exchanged in the market, in addition to a real drop in the dividends of these bonds in comparison to the dividends earned from the other savings vessels.

13. The final estimate of the 1980-81 cotton crop amounted to 10,574,000 metric quintars (including cotton waste), with an increase of 902,000 metric quintars or 9.3 percent over the 1979-80 season. This increase is due to the increase of the area cultivated with cotton by nearly 49,000 feddans and an increase in the average production per feddan from 8.1 metric quintars in the 1979-80 season to 8.5 metric quintars in the 1980-81 season. The increase has been concentrated in production of the (medium-long) staple cotton (18.4 percent) and medium-staple cotton (23 percent) whereas the production of long-staple cottons has dropped by 8.1 percent. These developments have resulted in increasing the medium-long staple cottons to 64.4 percent and the medium-staple cottons to 4.3 percent of the total production whereas the long-staple cottons have dropped to 29.3 percent and cotton waste to two percent of the total production. By adding the leftover [unsold cotton] from last season, the total supply in the 1980-81 season reaches 10,992,000 metric tons (excluding cotton waste) or 12.5 percent more than the total 1979-80 supply. Of this total, nearly 5,788,000 metric tons are allocated for the use of the local cotton gins. The rest, amounting to 5,214,000 metric tons, is for export. It is expected that the foreign market needs of this cotton will amount to nearly 3,396,000 metric tons.

14. The proceeds collected for the exports from the beginning of the season until 25 June 1981 dropped by 15.5 percent due to the drop in the average export prices. The volume of the exports for this period, in comparison to the total volume of the quantities contracted for the entire season, has dropped to 67.9 percent compared to 72.2 percent for the corresponding period of the 1979-80 season.

15. The tourist activity continues to improve and has recorded a tangible increase in the number of tourists coming to Egypt (17.3 percent) and the number of tourist nights they have spent in the country (28.6 percent). Compared to 1979-80, the number of tourists coming from foreign countries has increased by



62.4 percent, for tourists from the Arab countries by 22.6 percent and for those coming from the Economic Cooperation and Development Organization countries by 9.9 percent whereas the number of tourists coming from socialist countries has dropped by 8.2 percent. The 1980-81 tourist revenues have amounted (according to the balance of payments estimates) to 514.9 million pounds compared to 466.1 million pounds in the previous year.

#### Monetary and Credit Developments

First, Development in Volume and Components of Means of Payment:

16. The monetary and credit developments in fiscal year 1980-81 indicate that the total local liquidity (the volume of the current means of payment plus the volume of the similar means of payment) has risen by 2,140,700,000 pounds, or by 25.9 percent, to reach 10,396,300,000 pounds by the end of June 1981 compared to an increase of 2,002,500,000 pounds or 32 percent during fiscal 1979-80. This increase represents the outcome of an increase of 1.99 billion pounds in the net local credits, an increase of 361.9 million pounds in the net foreign assets and a contractionary effect of 211.2 million pounds registered by the budget items.

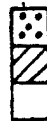
17. By analyzing the two components of domestic liquidity (currency in circulation outside the banking system plus the current deposits in local currency) amounted to 5,344,400,000 pounds at the end of June 1981, with an increase of 869.9 million pounds or 19.4 percent (representing 40.6 percent of the increase in the total domestic liquidity) during fiscal 1980-81 compared to 886.6 million pounds or 24.7 percent (representing 44.3 percent of the increase in the total domestic liquidity) during fiscal 1979-80. This reflects a decline in the growth rate of the money supply and, consequently, a narrowing of the gap between the real growth rate in the gross national product--a rate amounting to nearly 10 percent annually. The growth in the current means of payment is due to an increase of 658.5 million pounds, or 21.8 percent, in the currency in circulation, which amounted to 3,678,200,000 pounds by the end of June 1981, compared to 631.2 million pounds or 26.4 percent in the previous fiscal year and an increase of 211.4 million pounds, or 14.5 percent, in current nongovernmental deposits compared to 255.4 million pounds or 21.3 percent in the previous year. The increase in current deposits in local currency with commercial banks is due basically to an increase of 107.9 million pounds, or 17.4 percent, in the family sector deposits compared to 59.7 million pounds or 10.6 percent [in the previous year] and an increase of 78.9 million pounds or 37.1 percent in the private business sector deposits compared to 18.4 million pounds or 9.5 percent in the previous year.

18. Regarding the second part of the total domestic liquidity, namely quasi-money (including fixed deposits in local and foreign currency, deposits in the Mail Saving Fund and current deposits in foreign currency), it has registered an increase of 1,270,800,000 pounds or 33.6 percent, amounting to 5,051,900,000 pounds by the end of June 1981, compared to an increase of 1,115,900,000 pounds or 41.9 percent [in the previous year]. This increase is due basically to an increase of 904.6 million pounds, or 56.2 percent, in the family sector deposits compared to 632.1 million pounds or 64.7 percent [in the previous year]

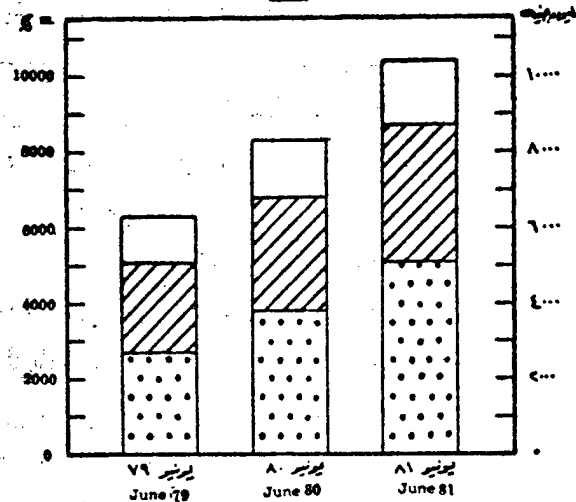
# DOMESTIC LIQUIDITY

# السيولة المحلية

QUASI MONEY  
NET CURRENCY CIRCULATION  
OUTSIDE BANKS  
CURRENT DEPOSITS



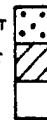
شيكات النقود  
صافي النقد المتداول خارج البنوك  
ودائع حالية



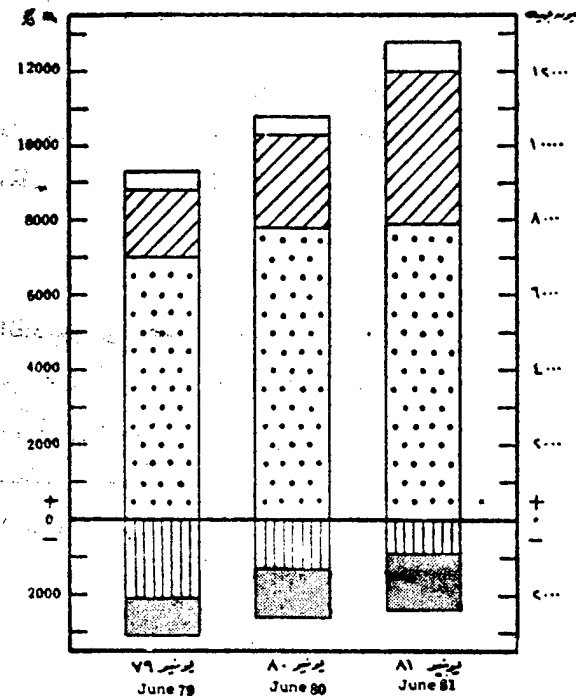
## المبند المقابل للسيولة المحلية

## COUNTERPART ITEMS OF DOMESTIC LIQUIDITY

NET CLAIMS ON GOVERNMENT  
CLAIMS ON NON GOVERNMENT  
SECTOR  
Claims on Other Financial  
Institutions



صافي المطالبات من الحكومة  
المطالبة من القطاع غير الحكومي  
المطالبة من المؤسسات المالية الأخرى



NET EXTERNAL ASSETS &  
LIABILITIES  
BALANCING ITEMS



صافي الموجودات والخصومات الخارجية  
مبند الموازنة

and an increase in the private business sector's deposits by 246.4 million pounds or 54.6 percent compared to 184.7 million pounds or 69.3 percent [in the previous year]. It is noticed in this regard that the total fixed deposits in local currency\* have registered in 1980-81 a large increase of 823 million pounds representing 64.8 percent of the total increase in quasi-money compared to 567.2 million pounds or 50.8 percent in the previous fiscal year. The major part of the increase has been concentrated in the family sector deposits and the private business sector's deposits as a result of continuation of the policy of gradually increasing the interest rate for deposits in the Egyptian pound by one percent during 1980-81. This policy seeks to narrow the gap between the current interest rate and the inflation rate in order to reach a real interest rate that makes for the drop in the purchasing power of money and to create the proper climate to attract further saving deposits in the Egyptian pound. Consequently, the position of the pound can be bolstered and the demand for dollars outside the banking system can be curtailed in order to take advantage of the high interest rates paid for the dollar. This is in addition to curtailing the reliance on the policy of inflationary financing of the development by attracting more real resources to finance the development projects.

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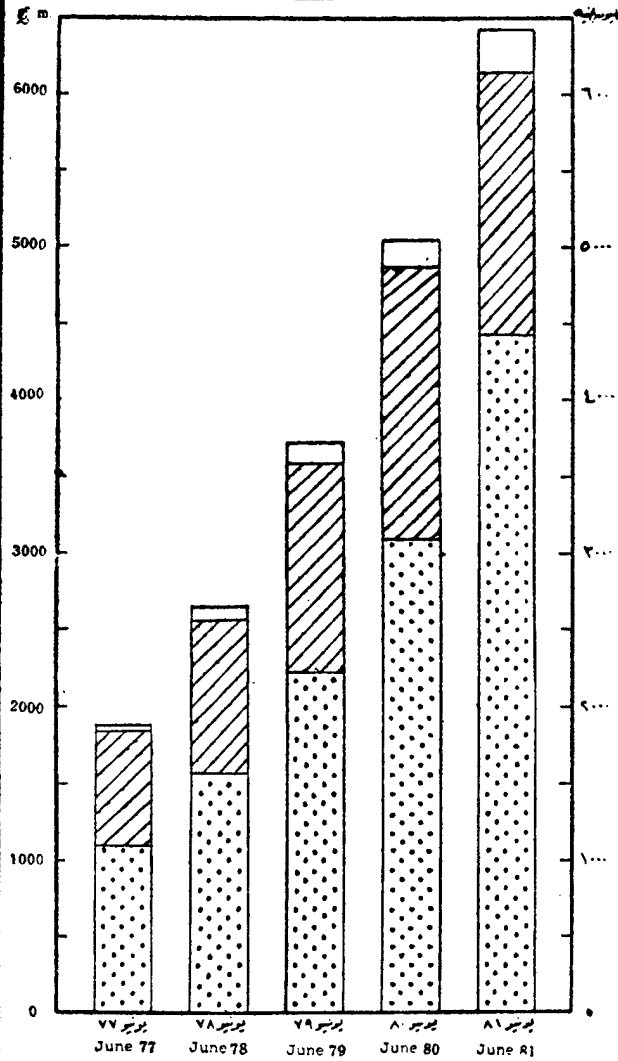
\*Does not include the Mail Saving Fund deposits.

# التوزيع القطاعي للودائع (البنك المركزي المصري والبنوك التجارية)

SECTORAL DISTRIBUTION OF DEPOSITS  
(C.B.E. & Commercial Banks)

Other Sectors  
Public Sector Cos.  
Private Sector

قطاعات أخرى  
شركات القطاع العام  
القطاع الخاص



Second, Local Liquidity Counterpart Items [Assets]:

19. The changes in local liquidity have been the result of changes in the local liquidity counterpart assets, some of which have exerted an expansionary effect and others a contractionary effect. The following chart reveals that each of the net foreign assets and net local credits have exerted an expansionary effect whereas the net budget items have exerted a contractionary effect.

Local Liquidity Counterpart Items

Central Bank of Egypt			Local Liquidity Counterpart Items	Value in One Million Pounds					
Change		Reference	Fiscal Year	1979-80		1980-81		Change	
1979-80			Balance at End of Statement	June 1980		June 1981		Value	Growth rate
Value	Growth rate			Value	Percentage	Value	Percentage		
858.5	40.2		1	Net foreign assets	(1,278)	(15.5)	( 916.1)	(8.8)	361.9
1,495.5	16.0	2	Net local credit	10,828.6	131.2	12,818.6	123.3	1,990	18.4
(351.5)	(37.3)	3	Net budget items	(1,295)	(15.7)	(1,506.2)	(14.5)	(211.2)	(16.3)
2,002.5	32.0	4	Total (1+2+3)	8,255.6	100.0	10,396.3	100.0	2,140.7	29.9

Following are the most important changes occurring in the preceding items:

A. Net Foreign Assets:

20. This item represents the net transactions of the banking system (Central Bank and commercial banks) with the foreign world. The following chart demonstrates the components of this item:

Central Bank of Egypt		Net Foreign Assets		Value in One Million Pounds					
Change			Fiscal Year	1979-80		1980-81		Change	
1979-80				June 1980		June 1981		June 1980-81	
Value	Growth rate			Value	Percentage	Value	Percentage	Value	Growth rate
624.0	118.1	1	Foreign assets at Central Bank	1,152.4	35.1	1,394.3	35.0	241.9	21.0
405.4	23.5	2	Foreign assets at accredited banks	2,132.4	64.9	2,589.3	65.0	456.9	21.4
1,029.4	45.6	3	Total foreign assets (1+2)	3,284.8	100.0	3,983.6	100.0	698.8	21.3
131.6	3.6	4	Foreign obligations payable by Central Bank	3,754.8	82.3	3,521.0	71.9	(233.8)	(6.2)
39.3	5.1	5	Foreign obligations payable by accredited banks	808.0	17.7	1,378.7	28.1	570.7	70.6
170.9	3.9	6	Total foreign obli- gations (4+5)	4,562.8	100.0	4,899.7	100.0	336.9	7.4
858.5	40.2	7	Net foreign assets	(1,278.0)		(916.1)		361.9	28.3

21. The net foreign assets have shown an increase of 361.9 million pounds in fiscal 1980-81 compared to 858.5 million pounds during fiscal 1979-80. This has resulted in the drop of indebtedness to the outside world from 1,278,000,000 pounds at the end of June 1980 to 916.1 million pounds at the end of June 1981.

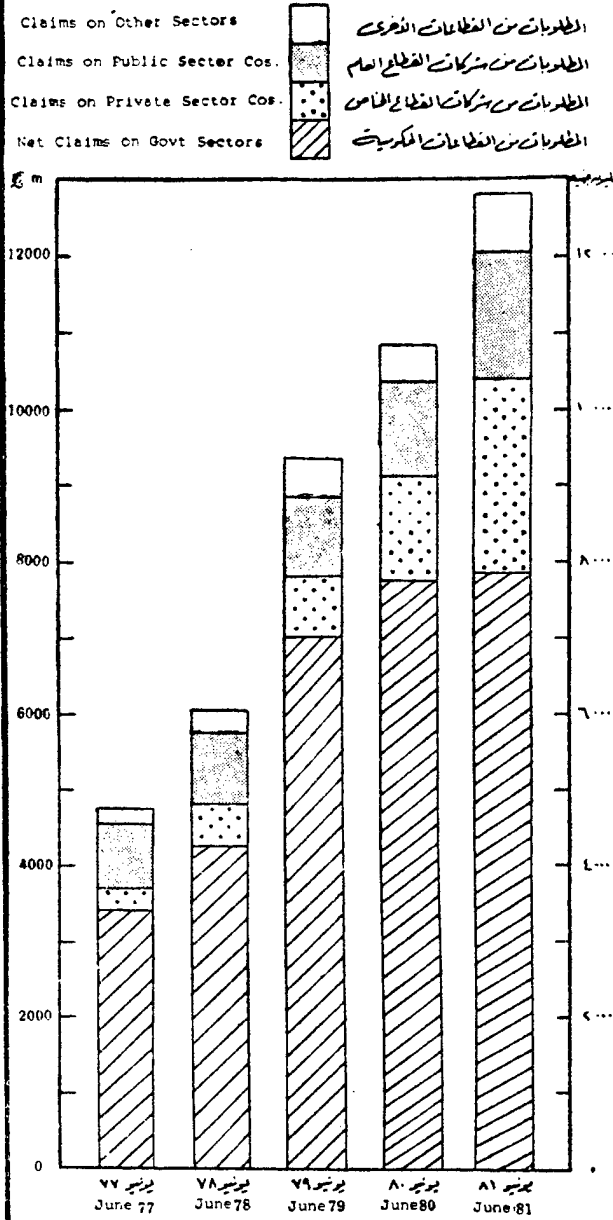
22. This improvement represents the difference between the increase occurring in the net assets, amounting to 698.8 million pounds, and the increase occurring in the total foreign obligations, amounting to 336.9 million pounds. The increase in the foreign assets in fiscal 1980-81 is attributed to an increase in the Central Bank's gold and foreign assets by 241.9 million pounds, compared to 624 million pounds in the preceding year, and an increase in the commercial banks' foreign assets by 456.9 million pounds, compared to 405.4 million pounds [in the preceding year]. The increase in foreign obligations is attributed to the rise of the commercial banks' payable obligations to 570.7 million pounds and to the decrease of the Central Bank's payable foreign obligations to 233.8 million pounds.

#### B. Net Domestic Credit:

23. The net domestic credit rose from 10,828,600,000 pounds at the end of June 1980 to 12,818,600,000 pounds, i.e. by a sum of 1.99 billion pounds or 18.4 percent, compared to an increase of 1,495,500,000 pounds or 16 percent in the preceding fiscal year. This increase is due basically to a rise in the claims of the banking system on the private business sector by 1,059,000,000 pounds or 93.1 percent compared to 76.4 percent [in the preceding year], to a rise in the claims on the public sector companies by 387 million pounds or 31.2 percent compared to 198.5 million pounds or 19 percent and to a rise in the claims on specialized banks by 201.8 million pounds or 61.8 percent compared to a drop of 7.9 million pounds or 2.4 percent [in the preceding year]. The net claims on the government sector have increased by only 91.8 million pounds or 1.2 percent to reach 7,862,200,000 pounds at the end of June 1981 compared to 755.4 million pounds or 10.8 percent. This has resulted in a drop in the relative importance of the increase in this item in comparison to the total net increase in local credit from 50.5 percent in fiscal 1979-80 to 4.6 [sic] percent in fiscal 1980-81. It is to be noted in this respect that the increase in the government's net indebtedness to the banking system by just 91.8 million pounds is due to the yields accruing to the government as a result of reevaluation of the gold deposited as issue cover and amounting to 470.6 million pounds, in addition to the government's suspension of the issuance of new permits against the public treasury.

# التوزيع القطاعي للائتمان المجمالي (البنك المركزي المصري والبنوك التجارية)

SECTORAL DISTRIBUTION OF DOMESTIC CREDIT  
(C.B.E. & Commercial Banks)





24. The business sectors' share of the total loans and credits granted by the commercial banks amounted to 93 percent, or nearly 5,023,500,000 pounds, on 30 June 1981, of which 32.7 percent went to the industry sector, 44.9 percent of the commerce sector, 13.7 percent to the services sector and 1.7 percent to the agricultural sector.

#### C. Budget Items:

25. The balance of the budget items represents the balance of the final accounts of the capital and of the uncategorized assets and discounts, as well as the net debits and credits among the banks themselves. The budget items created a contractionary effect in the means of payment amounting to 211.2 million pounds in fiscal 1980-81 compared to 351.5 million pounds in the preceding year. This is due basically to the increase of capital, reserves and allocations by 370.3 million pounds compared to 313 million pounds [in the preceding year] and also due to the increase of other discounts at the commercial banks by 365.9 million pounds.

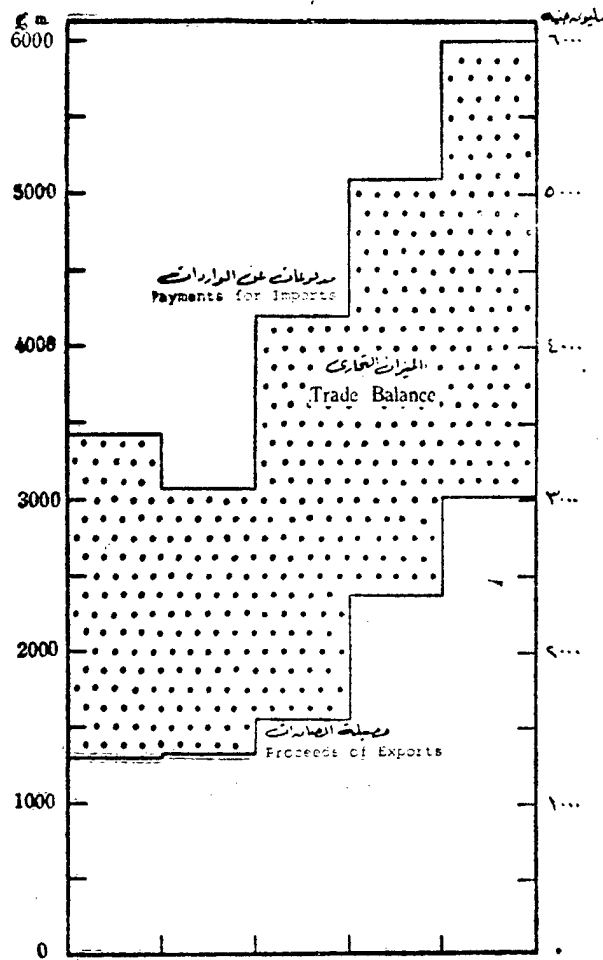
#### Balance of Payments

26. The balance of payments statistics show that the volume of current transactions with the outside world rose from 12,219,400,000 pounds in fiscal 1979-80 to 14,457,600,000 pounds in fiscal 1980-81, i.e. by 2,238,200,000 pounds or 18.3 percent. The total current receipts rose by 6,794,300,000 pounds, with an increase of 964.9 million pounds or 16.6 percent over fiscal 1979-80. On the other hand, the total current payments amounted to 7,663,300,000 pounds, with an increase of 1,273,300,000 pounds or 19.9 percent over the preceding year. As a result, the deficit in the balance of the current account transactions amounted to 869 million pounds, compared to 560.6 million pounds [in the preceding year]. By taking into account the receipts resulting from the conclusion of oil contracts, SUMED pipeline royalties and other remittances, amounting altogether to 46 million pounds in fiscal 1980-81, the deficit in the current transactions and remittances drops to 823 million pounds, compared to 495.3 million pounds in the preceding year.

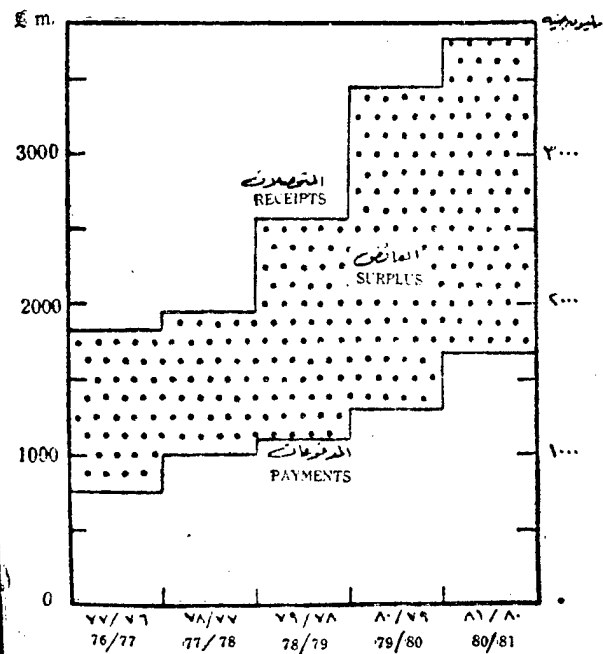
27. The revenues of commodity exports during fiscal 1980-81 amounted to 3,031,800,000 pounds, with an increase of 661.9 million pounds or 27.9 percent over the preceding year. Moreover, these revenues came to represent 44.6 percent of the total current revenues compared to 40.7 percent in the preceding year. This is due to the increase in the revenues of the exports of oil and oil products, amounting to 1,919,400,000 pounds compared to 1,497,000,000 pounds in the preceding year, i.e. with an increase of 422.4 million pounds or 28.2 percent.

# BALANCE OF PAYMENTS ميزان المدفوعات

## Merchandise Transactions المعاملات السلعية

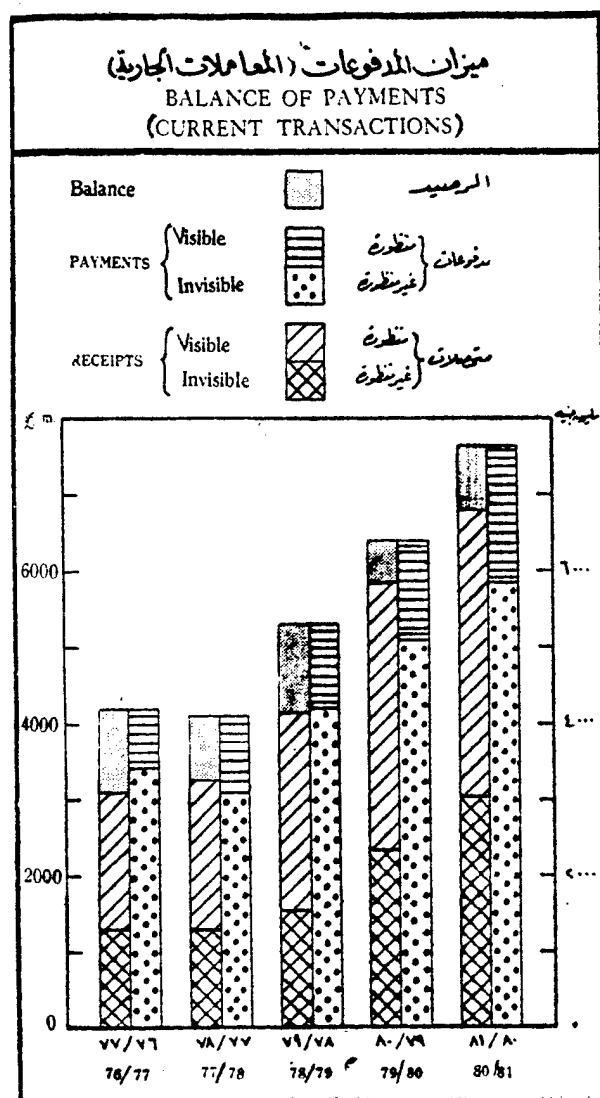


## Invisible Transactions المعاملات غير المنقولة



28. Payments for commodity imports amounted to 5,998,200,000 pounds, with an increase of 902.3 million pounds or 17.7 percent over the preceding year. Most of the increase has been channelled toward food imports. However, the relative importance of these imports to the total current payments has dropped from 79.7 percent in 1979-80 to nearly 78.3 percent in fiscal 1980-81. Thus, the deficit in the balance of payments has amounted to 2,966,400,000 pounds compared to 2,726,000,000 pounds in fiscal 1979-80 whereas the rate of export-to-import coverage has risen from 46.5 percent to 50.5 percent.

29. Invisible transactions in fiscal 1980-81 realized a surplus of nearly 2,097,400,000 pounds compared to 2,165,400,000 pounds [in the preceding year], thus contributing to covering a large part of the balance of payments deficit. The invisible receipts amounted to nearly 3,762,500,000 pounds compared to 3,459,500,000 pounds [in the preceding year], with an increase of 303 million pounds. This increase is attributed mainly to the tourist sector, and to other receipts, which rose by 150.2 million pounds or 23.3 percent to reach 794.7 million pounds as a result of the increase of the sums flowing in to meet the expenses of foreign travel and tourism. The Suez Canal passage fees have also realized a tangible increase of 82.4 million pounds or 17.8 percent to reach 546.3 million pounds. This has resulted from the improvement projects and the subsequent possibility of the passage of bigger ships and tankers. Moreover, as of the beginning of January 1981, the new passage fees for the Suez Canal went into effect. Navigation [service] receipts also rose by 104.6 million pounds to reach 326.3 million pounds as a result of the increase in the revenues resulting from the expenses of foreign ships and aircraft in Egyptian ports [and airports]. The item covering the other interest earnings, profits and revenues dropped by nearly 34.2 million pounds or 1.6 percent to decline to 2,095,200,000 pounds. This item covers the savings of Egyptians working abroad whose receipts have risen by 20.7 million pounds to reach 1,812,200,000 pounds. This is the outcome of an increase in the cash revenues by 43.4 million pounds, thus amounting to 785.1 million pounds, and a drop in the in-kind revenues by 22.7 million pounds, thus declining to 1,027,100,000 pounds.



30. The most significant developments in the invisible payments have been embodied in an increase of nearly 193.6 million pounds, or 55.9 percent, in special interest earnings, profits and other revenue remittances. These remittances have reached 539.7 million pounds as a result of the increase of payments on loan interests, international obligations and supplier credits. Other commercial payments have also risen by 17.7 million pounds or 21.7 percent to reach 99.3 million pounds. Other payments, including basically undocumented payments, have risen by 197.3 million pounds or 45.3 percent to reach 633.5 million pounds whereas the payments for tourism and subsidy remittances have dropped by 13.8 million pounds or 7.6 percent to reach 167.2 million pounds. Government expenditures have also dropped by 13 million pounds or 10 percent to reach 117.1 million pounds as a result of the decline in the sums remitted to foreign experts and technicians working in the government agencies.

## Foreign Transactions and Obligations

Following is a brief review of the outcome of transactions with the outside world, according to the most important methods of payment through which the transactions were concluded:

### First, Transactions Concluded in Free Currency:

31. Current receipts in free currency amounted in fiscal 1980-81 to nearly 6,485,500,000 pounds, with an increase of 987.5 million pounds or 18 percent over fiscal 1979-80. The commodity exports have contributed nearly 669.2 million pounds or 67.8 percent of this increase and the invisible receipts have contributed nearly 318.3 million pounds or 32.7 percent. The major part of these receipts consists of the remittances of Egyptians working abroad, tourist revenues and Suez Canal passage fees, which altogether have increased by 154.4 million pounds, or 5.7 percent, to reach 2,866,100,000 pounds.

32. As for current payments in free currency, they have amounted to 7,458,100,000 pounds in fiscal 1980-81, with an increase of 1,250,100,000 pounds [over fiscal 1979-80] or 20.1 percent. This increase has been distributed between an increase in payments for commodity imports amounting to 867.9 million pounds or 69.4 percent (from 4,961,100,000 pounds to 5,829 million pounds) and an increase in the invisible payments amounting to 382.2 million pounds or 30.6 percent.

33. Grants from the conclusion of oil contracts and royalties from the SUMED pipeline amounted in fiscal 1980-81 to nearly 26 million pounds.

34. As a result of these developments, the deficit in the balance of current account transactions and of remittances in free currency rose from 671 million pounds in fiscal 1979-80 to 946.6 million pounds in fiscal 1980-81. This deficit has been financed with a loan of 28.6 million pounds from the IMF, from the operational assets available to the Central Bank and from a surplus of 738.1 million pounds in the foreign currency transactions at the accredited banks. These sums have been used to meet the obligations pertaining to the payment of foreign loan and interest installments payable during the year, to the repayment of credit facilities and to the repayment of sums payable to foreign suppliers.

### Second, Transactions Implemented by Way of Agreement Accounts:

35. The transactions with the agreement countries produced in fiscal 1980-81 a surplus of 10.5 million pounds. The total current receipts amounted to nearly 263 million pounds whereas the total payments amounted to 252.5 million pounds. If we take into account the payments for the capital transactions repaid within the framework of these accounts, amounting to nearly 53.7 million pounds, the surplus for these transactions will amount to 64.2 million pounds.

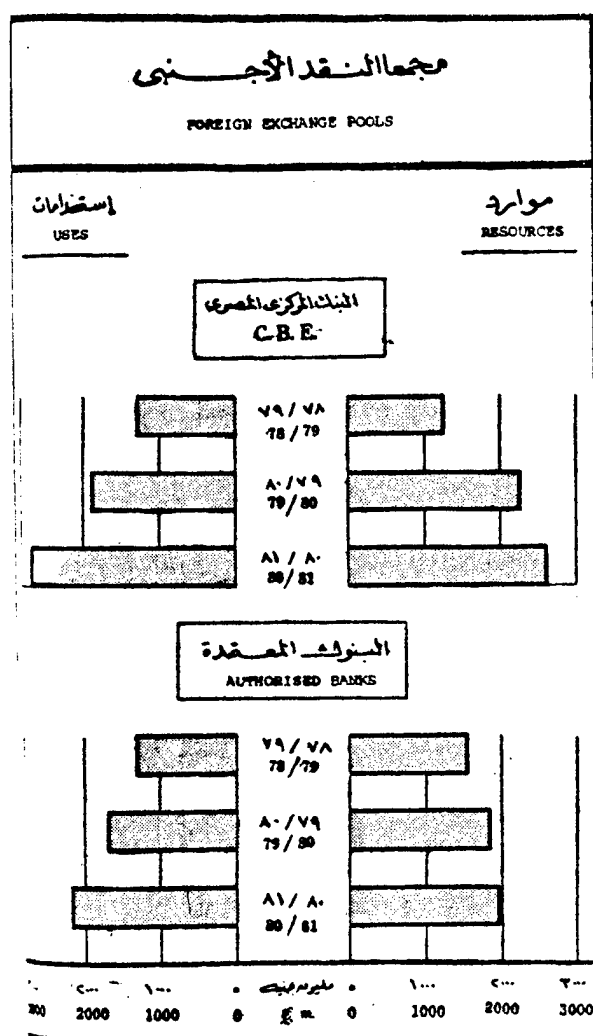
36. The number of countries with whom transactions are still carried out within the framework of bilateral agreement and payment arrangements is four countries, two of which are members of the IMF, namely Sudan and China, and the other two are not, namely the Soviet Union and the DPRK.

## Foreign Currency Pool

Transactions in foreign currency are carried out by way of the two following pools:

### A. The Central Bank of Egypt Foreign Currency Pool:

37. The sources of this pool are the revenues of the major commodity exports, namely cotton, rice, oil and its byproducts, Suez Canal passage fees and royalties from the SUMED pipeline. The value and shipping fares of the major commodity imports, namely wheat, flour, tea, sugar, edible oil, fertilizers and pesticides, are paid by way of this pool. Also paid by way of the pool are the obligations pertaining to public and international loans and some visible and invisible payments defined in accordance with the regulations issued in this regard.



B. Foreign Currency Pool of Accredited Banks:

38. All visible and invisible transactions, excluding the abovementioned, are paid by way of this pool.

39. In light of the above, the transactions paid by these foreign banks through the collateral money market prior to January 1979 are now paid by the foreign currency pool of the accredited banks.

40. We will review briefly in the following the receipts and payments in free currency made with the outside world within the framework of these two pools:

First, Free-Currency Transactions Within Framework of Central Bank of Egypt Foreign Currency Pool:

41. Chart No 4 of the statistical supplement demonstrates the free-currency transactions concluded within the framework of the Central Bank of Egypt foreign currency pool in fiscal years 1979-80 and 1980-81.

A. Receipts:

42. The total receipts in free currency during fiscal 1980-81 amounted to the equivalent of 2,618,900,000 pounds compared to 2,259,300,000 pounds in fiscal 1979-80, i.e. with an increase of 359.6 million pounds. These receipts are embodied in export revenues amounting to 1,917,000 pounds, invisible revenues amounting to 673.3 million pounds and special revenues amounting to 28.6 million pounds compared to 1,522,600,000 pounds, 485.3 million pounds and 251.4 million pounds successively in fiscal 1979-80.

43. The big increase in the revenues of visible exports during 1980-81 is due to the increase in oil export revenues. The increase in invisible receipts is due to the increased Suez Canal passage fees.

B. Expenditures:

44. The total expenditures in free currency in fiscal 1980-81 amounted to nearly 2,798,700,000 pounds compared to 1,919,800,000 pounds in fiscal 1979-80, i.e. with an increase of 878.9 million pounds. The expenditures have been focused fundamentally in the actually repaid sums for bank credit facilities, amounting to 959.8 million pounds, with an increase of 263.8 million pounds [over 1979-80], in addition to the repayments for supplier credits, amounting to 559.8 million pounds, with an increase of 119.6 million pounds [over 1979-80]. The payments made in cash for commodity import transactions amounted to 564.8 million pounds, with an increase of nearly 336 million pounds over the preceding fiscal year.

Second, Transactions Within Framework of Exchange of Accredited Banks:

45. Chart No 5 of the statistical supplement demonstrates the revenue and expenditure articles within the framework of the currency pool of the accredited banks during fiscal 1980-81, compared to the preceding fiscal year.

#### A. Money Supply:

46. In fiscal 1980-81, money supply rose by 104.1 million pounds, or 5.6 percent in comparison to fiscal 1979-80, to reach a total of 1,972,500,000 pounds.

##### 1. Exports:

47. In fiscal 1980-81, export revenues dropped by 23.6 million pounds, or 6 percent, in comparison to the preceding year, to amount to 372.1 million pounds. Consequently, the percentage of these revenues to the total revenues dropped to 18.9 percent, compared to 21.2 percent [in fiscal 1979-80].

##### 2. Tourist Revenues:

48. Tourist revenues declined by 46.2 million pounds or 11.7 percent in comparison to fiscal 1979-80 to reach 348.3 million pounds. Thus, their percentage to the total cash revenues dropped from 21.1 percent [in 1979-80] to 17.7 percent.

##### 3. Remittances of Egyptians Working Abroad:

49. These remittances come either in cash or in-kind form. These remittances have come to represent the major part of the resources of the foreign currency pool of the accredited banks. The percentage of the remittances to the total resources amounted in fiscal 1980-81 to 58.2 percent, compared to 58.8 percent in fiscal 1979-80.

50. Chart No 5 of the statistical supplement makes it clear that the cash remittances have increased by 51.8 million pounds or 7.8 percent to amount to 719 million pounds whereas the in-kind remittances (imports without money conversion) dropped by 22.7 million pounds or 2.2 percent to reach 1,027,100,000 pounds. Thus, the total sum of these remittances (both cash and in kind) has increased by 29.1 million pounds or 1.7 percent.

##### 4. Other Revenues:

51. These include commissions, bank interest, sums received for the purchase of national goods, sums received for investment in Egypt, the profits of contracting firms operating abroad and the expenditures of the diplomatic corps. These revenues rose from 411 million pounds in fiscal 1979-80 to 533.1 million pounds during fiscal 1980-81 as a result of the growth of all of their components.

#### B. Cash Expenditures:

52. In fiscal 1980-81, the total visible and invisible cash expenditures rose by 528.2 million pounds or by 31.2 percent to reach 2,221,000,000 pounds.

##### Visible Expenditures:

53. Visible expenditures, embodied in commodity imports, rose by 203 million pounds or 19.3 percent whereas their relative significance to the total cash expenditures dropped from 62 percent in fiscal 1979-80 to 56.4 percent this year.



54. By adding the value of these imports to the value of the imports financed directly by the citizens (imports without currency conversion), the total value of the imports made within the framework of the accredited banks pool in fiscal 1980-81 amounts to nearly 2,279,800,000 pounds, compared to 2,099,500,000 pounds during fiscal 1979-80.

Invisible Expenditures:

55. These expenditures include pocket and travel allowances, the surpluses of foreign airlines, sums invested in joint projects, interest and profits, commercial payments, government and other payments and the sums repaid for bank credits and supplier credits. The total sum of these expenditures rose in fiscal 1980-81 by 325.2 million pounds or by 50.6 percent to reach 968.3 million pounds. They have thus come to represent 43.6 percent of the total cash expenditures in 1980-81 compared to 38 percent in the preceding year.



Central Bank of Egypt			Net Local Credit		Value in One Million Pounds					
Change		Reference	Fiscal Year	1979-80		1980-81		Change		
1979-80			Balance at End of Statement	June 1980		June 1981		1980-81		
Value	Per- centage			Value	Per- centage	Value	Per- centage	Value	Per- centage	
755.4	10.8	1	Net claims on government sector	7,770.4	71.8	7,862.2	61.3	91.8	1.2	
198.5	19.0	2	Claims on public sector companies	1,241.1	11.5	1,628.1	12.7	387.0	31.2	
492.5	76.4	3	Claims on private business sector	1,137.4	10.5	2,196.4	17.1	1,059.0	93.1	
60.1	46.4	4	Claims on family sector	189.5	1.7	342.2	2.7	152.7	80.6	
(7.9)	(2.4)	5	Claims on specialized banks	326.6	3.0	528.4	4.1	201.8	61.8	
(3.1)	(1.9)	6	Claims on investment and business banks	163.6	1.5	261.3	2.1	97.7	59.7	
1,495.5	16.0	7	Net local credit (1+2+3+4+5+6)	10,828.6	100.0	12,818.6	100.0	1,990.0	18.4	

Central Bank of Egypt		Budget Articles		Value in One Million Pounds					
Change		Reference	Fiscal Year	1979-80		1980-81		Change	
1979-80			Balances at end of statement		June 1980		June 1981		
Value	Growth rate			Value	Per- centage	Value	Per- centage	Value	Per- centage
(313.0)	(39.3)	1	First, Capital Accounts	(1,110.2)	(85.7)	(1,480.5)	(98.3)	(370.3)	(33.4)
			Second, Unitemized Assets and Discounts						
(659.1)	(35.0)	2	Other assets at central bank	1,223.3	94.5	1,466.2	97.3	242.9	19.9
529.9	55.9	3	Other assets at commer- cial banks	1,477.7	114.1	1,607.1	106.7	129.4	8.8
(519.8)	(70.2)	4	Other discounts at central bank	(1,259.9)	(97.3)	(1,221.7)	(81.1)	(38.2)	3.0
603.7	28.2	5	Other discounts at commercial banks	(1,538.1)	(118.8)	(1,904.0)	(126.4)	(365.9)	(23.8)
33.5	28.8	6	U.S. Aid counterpart deposits	(82.8)	(6.4)	(54.4)	(3.6)	28.4	34.3
(11.8)	(7.0)	7	Net unitemized assets and discounts (2+3+4+5+6)	(179.8)	(13.9)	(106.8)	(7.1)	(73.0)	(40.6)
(26.7)	(123.0)	8	Third, net credit and debit among banks	(5.0)	(0.4)	(81.1)	5.6	86.1	1,722.0
(351.5)	(49.7)	9	Net Budget articles	(1,295.0)	100.0	(1,506.2)	100.0	(211.2)	(16.3)

## VARIOUS EXPERTS, INDUSTRIALISTS DISCUSS PRIVATE SECTOR'S PROBLEMS

Sector's Overall Nature Analyzed

Cairo AL-MUSAWWAR in Arabic No 3019, 20 Aug 82 pp 24-27

/Text/ This week AL-MUSAWWAR is opening the file on the private sector. It is a serious, complicated case. In spite of all the facilities now available to the private sector, it still has reservations about participating in important industrial projects. Even though it has obtained 2.2 billion pounds in loans from banks, the effects of these loans have not become apparent in the production field. There has been a continuous regression in the area of industry and great progress in the field of trade--from the latest statistics it is clear that the value of production comes to 1,458,000,000 pounds, which accounts for 24 percent of our whole national product.

Economics experts say that it could contribute more than that if it were provided with planning in the form of careful scientific study and if we gave it more care. AL-MUSAWWAR proceeded to look beyond these opinions for the truth. More than one astonishing fact revealed itself to us. There is not one agency or organization in Egypt that has an integrated map of the private sector or its activities, and we had no choice but to try to put such a map together from dozens of agencies and organizations in an attempt to determine the size of the private sector. It became apparent that in spite of the increase in the private sector's size, there has been an obvious decline in its receptivity toward important industries, and it is certain that a complex relative to the 23 July revolution which has afflicted the private sector motivates that. We went down into the real world to ask people in the private sector about their problems and the secret behind their aversion to participating in industrial projects. We discovered that industrial projects' share of the private sector's growing output is worth 1,657,000,000 pounds, that the private sector's investments in the textile industry field have dropped by one-third, and that 60 percent of the textile factories in Shubra al-Khaymah have closed their doors. Behind all this lie many problems, which factory owners have spoken about. In Damanhur, we found a case that merits investigation--a successful cannery which was sentenced to death purely for reasons of red tape. We talked with a number of officials and researchers. We met Dr Sulayman Nur-al-Din, the former minister of economy. He gave his views bluntly, saying that the banks had opened their doors to importers but were closing these doors to investors and that our current fiscal policy was responsible for the private sector's orientation toward commercial, not productive activity. The private sector's file will

stay open in a second instalment which we will publish next week. The issue is important, large and multi-faceted, and one must grasp all its aspects to bring it to a resolution which will put the private sector along the proper road so that it may become a real pillar of the domestic economy.

What is the size of the private sector? What is the size of its contribution to the domestic economy? What are the indices of the development of this contribution and the indications of its growth? In brief, what are the real state and the future of the private sector in Egypt?

We tried to find answers to these questions, but the surprising thing which awaited us was that no government agency or institution had an integrated map that could provide a comprehensive survey of the size and role of the private sector in Egypt. There is not a single body or authority that has a precise tabulation of its activities and trends, the changes that have occurred in its development, or the type of investments it has made in recent years. Therefore we had to circulate among the greatest possible number of official agencies to put together a picture that was as close as possible to a map of the private sector in Egypt.

We chose to go first of all to the Ministry of Planning. The first question that we raised insistently was, how does the government plan and guide the current and future role of the private sector if it does not have basic information on its activity and trends?

In the Central Private Sector Planning Department, which was established a month ago, we met with its head, Dr Anwar al-Huwari, the deputy minister of planning and United Nations expert. He said:

"One cannot deny that we lack a clear strategy on the private sector's role, and I cannot deny that the government was not concerned in the past to make a comprehensive survey of its size, its sectors and its trends and plot a numerical map of its investments and the nature of its projects.

"The government has recently started to become aware of the gravity of this situation, which, if it continues, will mean that the private sector's activities will be wholly at the mercy of haphazard and incompetent conduct. On top of that, it will be impossible to determine a clear strategy for its future role in economic development. Therefore the Ministry of Planning has started to work to round out a numerical map of the private sector and to set out a detailed frame work for its actual and anticipated contribution. The first survey the Ministry of Planning carried out showed some important indices regarding its size and revealed some of the problems it is suffering from. It also removed the veil from some negative features its current orientations are suffering from.

"The figures show that in spite of the increase in the volume of the private sector's investments in general and its industrial investments in particular, there has been a clear lapse in its willingness to enter into important industries. The value of private sector production came to 4,158,000,000 pounds, which represents 24 percent of our total national output. Its industrial production came to 1,623,000,000 pounds, as compared with 1,306,000,000 pounds in 1979. Although

industrial projects in the most recent period have gravitated toward capital intensive activities, their number has increased at a great rate, and the number of private sector industrial projects totals about 890, as compared with 314 in 1974. The total number of factories is 7,000.

"This increase might inspire optimism in general, but if we look at private capital's contribution to the basic industrial sectors, we will find an extremely obvious decline. Private sector investments in the textile industry dropped off from 27 percent in 1974 to 16.6 percent in 1980--that is, by one-third. The metal industries' share in the same period also dropped, totalling 3.8 percent whereas it had been 6 percent. Mining sector investments also dropped off; having totalled 3 percent in 1974, they declined to 0.5 percent in 1980.

"The disruption, as the studies show, is not just restricted to the industrial sector--it also lies in the balance among various economic activities.

"One should observe that the private sector has recently been directing all its emphasis to finance and trade activities; its contribution came to 98 percent of the added value created in them, while the contribution does not exceed 7.5 percent in the metal industries, for example.

"This dislocation has prompted the government to include private sector activity in the new 5-year plan so that it will be possible to guide it by encouraging the industrial sector and putting relative limits on receptivity to banking or commercial activity, especially since the experience with expansion in this activity has yielded many negative harmful results."

In the opinion of Dr Anwar al-Huwari, the problem with the private sector is that it is now suffering from overlapping organizational, executive and administrative levels in the bodies that guide and supervise its productive projects, although not the slightest coordination, planning and market requirement studies is to be found among them. The example of that which is closest to hand is the fact that three different authorities--the Industrialization Authority, the Investment Authority and the Popular Development Authority--carried out three glass manufacturing projects at the same time and made no attempts to coordinate or integrate them in order to prevent a lack of turnover in commodities, or a supply shortage in other commodities.

There is also a serious problem facing the private sector, which is the shrinkage in the size of the market, especially the foreign market, available to the goods it produces. The volume of our trade with the group of African markets, for example, does not now exceed 0.3 percent of our total trade. Even most of that meager percentage is exported in the form of gifts and samples.

The fact is that one cannot ascribe this deterioration to political effects alone. There also are economic factors, most important of which is that we have not made any study worth mentioning of the requirements of the markets around us. Therefore Egyptian products turn out not to be compatible with requirements and tastes in these markets.

Viewing export problems from a different angle, we find that the industrial private sector faces strong, unequal competition from consumer imports in its local market. What provokes one's amazement is that just talking about protecting domestic industry has begun to make some people extremely sensitive; they try to portray this protection as a call for isolationism, although such so-called isolationism would be impossible to attain. There is no country in the world that does not import or that can achieve self-sufficiency at all production and consumption levels. The largest countries in the world see no way around importing. The difference between one country and another lies in the policies that govern imports. When we speak of protecting domestic industry, what we mean is employing the bulk of imports in moving the wheels of development and industry forward and providing them with the raw materials and production equipment that it is hard to provide locally--provided that fully-manufactured imported consumer goods be subject to high customs tariffs in order to protect corresponding domestic products.

What draws one's attention is that the call to protect domestic industry started to die down somewhat recently in the private sector because the dangers of unequal competition prompted the private sector to change its capital investment proclivities and it turned away from industrial and productive projects and started intensively embracing non-productive commercial, tourist, contracting and luxury housing projects, as the numerical indices of the Investment Authority and the loan data of the Industrial Development Bank clearly show.

Negative features of the private sector:

Concerning negative trends in private sector investments, Dr al-Huwari says:

"The private sector has played a laudable role in establishing our domestic industries, especially consumer industries. This role plainly expanded and grew after the July revolution, when for the first time it was given opportunities for protection and support. However, the private sector has its negative features, which have become acutely obvious in recent years. The volume of revenues and facilities made available to it is not at all in keeping with the responsibilities it has undertaken and committed itself to vis-a-vis the domestic economy and the domestic market. Among the most important facilities made available to it were expanded loan resources. The volume of the private sector's indebtedness to banks has reached 2.2 billion pounds; nonetheless the private sector's interest has continued to be fixed on getting massive profits in the shortest possible period of time, and we often find it hastening to change its productive tendencies at the expense of the public interest.

"This means that the private agricultural sector may find that investing its money in farming will not bring it high profits in comparison with other investment activities, and that will prompt it to shift its capital into real estate investment or the contracting field, for example. This phenomenon has recently become markedly widespread. The industrial private sector might also find that investing in the field of trade, finance and insurance will realize a faster, greater return, which will drive it into this kind of investment, or it might find that investing in carbonated drinks is more profitable than the textile industry and it will turn from the former to the latter, and so on.



"In recent years, the private sector has turned away from productive and industrial projects and has shifted to the pursuit of commercial activities involving imported consumer goods, exploiting import resources without currency conversion which the liberalization policy has made available to it. That has had an extremely negative effect on the level and type of consumption in Egypt and has resulted in encouraging the conversion of Egyptians' savings from assets to consumer spending."

This is the problem as the people carrying out planning activity in Egypt define it.

Official statistics also show a drop in growth rates in the productive sector in favor of commercial investments, which grew in an exaggerated fashion in recent years. Commercial Registry figures show that there now are 2,000 commercial agents in Egypt and that 85 percent of them belong to the private sector. There also are 450,000 shops and factories engaged in commercial activity in Egypt, and their total capital is about 666 million pounds; of this, about 623 million pounds are related to shops and about 43 million pounds are related to factories engaged in commercial activities.

As regards commercial activity subject to investment laws, its capital comes to 2.8 billion pounds, of which the shops' share is 2.1 billion pounds. The share in the case of factories engaged in commercial activities is 700 million pounds. Ministry of Economy figures also show that there are 75 private banks in Egypt.

What do these figures mean to Dr Mustafa al-Sa'id, vice dean of the Faculty of Economy and the chairman of the National Party's Economic Committee?

The man says, "In this period, it has been noticed that the private sector has started actively directing its investments into the service and trade sector at the expense of the industrial sector, and it is distinguished by a receptivity to consumer goods. Undoubtedly if this trend continues it will lead to increased rates of consumption and imports, which is what the government is trying to limit.

"The starting point on which one must concentrate in our policy is that we should encourage productive capital by increasing profit opportunities in industrial and agricultural activities as compared with those in the service and trade sector and by following an upright tax policy where exemptions are restricted to the industrial and productive sector alone, to the exclusion of the commercial sector, as well as simplifying measures and providing facilities, power and so forth."

Dr Mustafa al-Sa'id goes on to say:

"The industrial private sector's aversion to extensive investments may be ascribed to the major production difficulties it is facing. In spite of that, there still is an active, productive private sector. The phenomenon of relative disinclination to take part in production started after 1973, specifically with the liberalization laws which were dictated by our economic circumstances at that time, when the rate of consumption had come to 95 percent and savings had shrunk to 5 percent and there was a need to increase savings by borrowing and by increasing loans and interest, through deficit financing, or by encouraging Egyptian or foreign capital to invest, which subsequently came to be called the liberalization policy. This policy was

linked to expanding the volume of credits given for commercial activities and ventures in comparison with the facilities given to the productive sector. I believe that the liberalization policy is necessary and beneficial, on the condition that we differentiate, in the context of it, between the serious productive private sector and the parasitic private sector which depends on speculation and trafficking in luxuries like (moquettes), fans and household appliances. We must stand up to this parasitic sector, guide its activities and reduce its privileges so that it will not absorb the private sector's investments and capital, guaranteeing it rapid, high revenues in comparison with productive activities."

Dr Ahmad 'Umar, chairman of the National Democratic Party's Industry Committee, says "When we talk about the private sector's role in development, it would be proper for us to remember that it was the private sector that made the industrial leap forward in Egypt 50 years ago, in the form of such corporations as the Bank of Egypt companies, the 'Abbud Portland Cement Companies, the al-Bayda Tanners, Isku and Delta Steel. Industries which do not need much capital are spread out over Cairo and the provincial capitals, meeting many people's needs, such as cottonseed presses, soap factories and small soda plants.

"At that time the government played no part in production. Its activity was confined to providing security for the citizens, offering all forms of services and administering public utilities. Therefore its problems were limited. These factories were then nationalized, with the goal of moving the wheel of production forward, some new units were added to them, and other industries arose which the public sector established. Thus ended the development role of corporations and individuals; in place of that, the public sector emerged, and, instead of the capitalists, who were afraid of going bankrupt if their products could not compete with international production or if demand for their goods disappeared, production became the responsibility of officials whose salaries at the first of each month were guaranteed by the government and whose output would be overlooked if it piled up. Meanwhile people in America, in the Ford Company, agreed to give up some days of their annual leave with a drop in salary of up to 20 percent to save their company from bankruptcy."

Dr Ahmad 'Umar also says, "The private sector's role in development is the basis, and the philosophy in reforming our economic course today must be to give the private sector every opportunity, again, to play its part, since our savings today are not what they were yesterday. Encouraging the foreign investor must also be one of our most important national causes, since it has not been true, either in the past or in the present, that all foreign investors are seeking a rapid return. The town of Heliopolis was built by a Belgian company, the Suez Canal was built with foreign capital, and, had it not been for the khedive's stupidity and profligacy, Egypt would have retained its share of the canal's revenue during the years of the company concession, which was to end in 1968. The oilfields of which we boast and with whose income we subsidize bread are the result of foreign investment in this field. We must realize that every investor looks for a profit and that the real profit lies in long-term projects. However, creating confidence in investors' spirits requires a firm policy and sufficient contemplation so that one can thoroughly study all economic ideas. I do not believe that I will be getting off the subject if I say that the democracy that we enjoy today, more than at any time,

is one of the most important factors in attracting domestic and foreign capital, especially if we destroy the red tape which obstructs all new investment."

Dr Ahmad 'Umar adds, "There are many domestic and foreign banks in Egypt. These banks are the bulwark of the real domestic economy; establishment of successful new companies lies on their shoulders, and they will absorb the surplus labor and create new production. One must also stimulate the securities market so that investors will know the value of their shares and people who have not invested will know where to put their savings."

The head of the Industry Committee of the National Party says, "One question remains: numerous foreign companies have offered to manufacture cigarettes in Egypt, and these companies' efforts have been thwarted by all the entities concerned. Would we be seeing lines of people in front of cigarette stands if these companies actually were producing today? So far as I know from the studies that have been presented, the production of imported cigarettes in Egypt would be sold to the public at 65 piasters a pack. Is it reasonable that a reinforcement bar project should be delayed for 3 years after its promoters presented all the necessary studies and financing sources, on the pretext that the land on which the factory was to be erected was farmland, although there actually is a brick factory on this land? Is it reasonable that a factory for door and window varnish should be delayed 2 years while the agreement of the Ministry of Housing and the agreement of the Ministry of Industry were obtained, but that agreement should be given to it only after much suffering and a number of complaints? Is it reasonable that agreement should not be given to the expansion of a private sector plant in order to protect a public sector one? In whose interests is this fanaticism? In the interests of the people or in the interests of some importers? Or is it a lack of faith in the liberalization policy and secret attempts on the part of smallminded people to crush it?"

The private sector is threatening itself:

Most economists and planning experts we met with agree that the rate of private sector commercial investment has risen, specifically in the import field, regardless of their varying evaluations of the reasons, significance and interpretations of this fact.

Ministry of Economy statistics point out that the volume of private sector imports, in the case of trade and manufacturing, came to 966 million pounds, of which 233 million, or 24.1 percent, were for consumer goods; the value of intermediate goods totalled 407 million pounds, or 42.1 percent; investment goods' share was 322 million pounds or 33.3 percent.

Concerning the danger of rapidly increasing commercial investments at the expense of the private sector's industrial investments and the indices of private sector growth in the seventies, Dr Fu'ad Mursi, professor of economics and former supply minister, says:

"Grave new trends in the private sector's orientations and activities started to appear at the beginning of the seventies. Although it realized development and growth in the size of its contribution to our industrial production, since its

rate of output rose from 25 percent of gross industrial production in 1970 to 32 percent in 1979, this limited increase is not at all commensurate with the size of the facilities the private sector received following the liberalization policy.

"It had been anticipated that the private industrial sector would record a great growth through liberalization, but that did not happen. Most private capital was directed toward investment in such non-productive activities as imports, domestic trade, contracting, certain services and other such activities which have massive rapid returns that cannot be compared to revenues from industrial production, no matter how high they might be.

"The basic danger facing the private sector, in the current stage, arises from within the private sector itself, specifically from its nonproductive sectors, which have inundated the Egyptian market with imports and have inflicted extreme damage on the private industrial sector and its domestic products. Is it reasonable, for example, that the Egyptian furniture industry, which had established itself in many foreign markets, is now suffering from extreme decline now that our local markets have been filled with furniture imported from abroad?

"I believe that we must distinguish between the productive private sector, that is, domestic capitalism, and nonproductive capitalism. The former is linked to the Egyptian market and is concerned with supporting our domestic economy; therefore it must receive our support and protection. For instance, it is necessary to regulate import activities and eliminate the system of imports without currency transfers while creating opportunities to import through authorized local banks. It is also necessary to devote attention to the preparation of feasibility studies for new productive projects, especially with consumer and intermediate industries that the private sector can effectively and productively take part in.

"Nonproductive capitalist activity must be subject to surveillance, especially in the light of the recent practices that have been resorted to following the declaration by President Mubarak's government on the need for economic reform. For example, nonproductive capitalism has resorted to smuggling its money abroad under the pretext of investing outside Egypt to purchase property and wasteful things abroad, as was revealed by the recent facts in the cases of Tawfiq 'Abd-al-Hayy and Rashad 'Uthman, who are two of the most prominent symbols of this sector."

Concerning production indices of the private industrial sector in the seventies, Dr Ra'fat Shafiq, professor of industrial planning at the Planning Institute, points out that official statistics show that the private industrial sector's contribution to production increased from 25 percent in 1970 to 32 percent in 1979. However, he considers that this increase is superficial and does not reflect real growth in the volume of production, because the private sector has resorted to raising the prices of its products as a result of the wave of inflation that has dominated the world in general and the Arab region in particular since the 1973 war, while the prices of public sector products have not risen. This has resulted in a rise in the value of private sector production which has not meant a real rise in the volume of production.

### The negative nature of the private sector:

Most Egyptian economic experts consider that the private sector, after the July revolution, did not play an effective, active productive role, especially in the recent period. Ministry of Planning statistics show that the volume of private sector production in industry did not exceed 3,527,000,000 pounds, while in the sector of trade, finance and insurance it came to 3,827,000,000 pounds and, in revenues from real estate ownership, about 357 million pounds.

Concerning the role of the private sector, its orientations and indices of its activity, Dr 'Amr Muhyi-al-Din, professor of economics at the Faculty of Economics and Political Science, says:

"The private sector in Egypt avoided participating in two consecutive stages, first the stage of the sixties and the second the stage of the seventies. In the sixties, its aversion could be attributed to its fear of the threats of nationalization and the restrictions imposed on its activity. In spite of its limited role, which was represented by its failure to expand output, it continued to play a substantial role in production. In the seventies, it totally refrained from participating in production and oriented itself toward alternatives which afforded greater profits, such as imports, exports and commercial activities, where the production cycle is shorter, the risk lower and the profit margin wider. Unfortunately the government's policy of encouraging the private sector and of giving incentives for its productivity was not successful in the seventies, in spite of all the benefits it received, which were greater than the benefits given to private capital in the biggest capitalist countries such as Britain and France. In these countries, for example, there are no laws like the Egyptian tax law, which considers exemptions to be the rule and payment the exception and punishes tax evaders by effecting reconciliations with the department. There is also the law on foreign currency dealings, for which there is no equivalent in the biggest capitalist countries. The foreign currency market in Egypt comes close to chaos and the private sector can exchange one form of currency for another, in any amount, as soon as it likes through it in order to carry out import activities and the like."

Dr 'Amr Muhyi-al-Din went on to say,

"Talking about the negative aspects of the private sector does not mean that it should be condemned all down the line. We must admit that the policy of extensive imports has caused extreme damage to productive capital. The furniture and ready-made clothing industries which flourished in the sixties and exported at great rates are now suffering great decline, now that the Arab and eastern markets have shut down, and it offers no alternative to Western European markets, with whose products it cannot compete in view of differences in technological progress. On top of that it has local market problems as a result of unequal competition with its imported equivalents, in view of the customs exemptions and privileges these enjoy which have brought their prices close to those of local production and sometimes below them.

"If we try to translate the yields from the private sector's performance in the seventies into figures, we will find that it has contributed 49.4 percent of the

total national output. The proportion of its contribution to total revenues from property ownership came to 56.6 percent, while the public sector contributed 43.4 percent. The private sector's domestic product came to about 6,073,000,000 pounds, of which 76.4 percent consisted of profits, and wages were 23.6 percent. This high level of private sector participation in the domestic economy may be ascribed essentially to the agricultural sector, where its contribution came to 98 percent of the value added generated. The contribution in the service and finance sector came to 67 percent, and in the building and construction sector 12.5 percent; the private sector's contribution to the various areas of industry came to 50.8 percent in the food industries, 49 percent of textile output, 22.8 percent in the chemical industries, 24.3 percent in the machinery industries, and 7.5 percent in the metal industries."

#### Private Sector Complexes Probed

Cairo AL-MUSAWWAR in Arabic No 3019, 20 Aug 82 pp 27-28, 76

/Text/ Talking about the features of the private sector's role in the fifties and sixties raises numerous questions about the relationship between the July revolution and the private sector and the policies and positions of each vis-a-vis the other. Even though 30 years have elapsed since the revolution, Egyptian economists still differ over its effect on the private sector and its role in the domestic economy. This difference prompts us to discuss the story of the July revolution's relations with the private sector.

#### The Private Sector and the July Revolution

The private sector is undoubtedly still suffering from excessive resentment toward the July revolution. It mentions it only with bitterness and reserve. Did the July revolution oppress the private sector? Did it really thwart the role of domestic capitalism? What is the story behind the relationship between the private sector and the revolution?

Dr 'Ali 'Abd-al-Hamid Fathi, professor of economics, who has done a study on this issue, "Domestic Capitalism and the July Revolution, from 1952 to 1961," says:

"The notion prevails that the July revolution took a hostile attitude toward the private sector and domestic capitalism, dealing them successive blows and breaking up and limiting their role, whereas the truth is completely the opposite. From the first moment, the July revolution declared its good intentions toward domestic capitalism, backed it, tried to support it through various political and economic means, and raised the slogan of cooperation with it and protection of it as one of its basic tenets. All statements made on the relationship between the government and open projects in the first years of the revolution were aimed at reassuring businessmen and dispelling their fears and doubts about the revolution's stand toward private capital. I might mention that one of the leaders of the revolution, Mr Salah Salim, the minister of national guidance, stated, in January 1954, in these words, "We are not socialists and I do not believe that our economy will flourish except through open projects." 'Abd-al-Mun'im al-Qaysuni, as minister of the treasury, also stated, in December 1954, that "The government will encourage

open projects and support them with every possible means." In fact, the European chambers of commerce, in particular the French chamber of commerce, declared at that time that the Egyptian government was encouraging and supporting private capital. The revolution's policy in the 1952-56 period could be described as one of open projects and reliance on the domestic economy in advancing the economy. In spite of that, domestic capitalism remained apprehensive about the July revolution, hesitant about cooperating with it, and adverse toward risking its profits in big productive projects, and contented itself with certain extremely limited consumer industries offering a rapid return and a large profit margin, while directing most of its investments toward sectors remote from industry, such as the building sector, in which investments rose from 40 million pounds in 1955, and absorbed about 62 percent of the capital in Egypt in 1956, compelling the government to restrict building and demolition activities."

Dr 'Ali 'Abd-al-Hamid went on to say,

"If we review the July revolution's policies vis-a-vis productive domestic capitalism, we will find that it formed the first Ministry of Industry in Egypt's history and in 1954 established the Higher Production Council, whose representatives consisted of employers, workers and the government, in order to move the wheel of production forward and resolve the problems that had arisen among them and were obstructing the productive process. It also supported the Industrial Bank and increased its financing capability by raising its industrial loan guarantees to 5 million pounds, making the bank better able to take risks with long-term industrial credit.

"The revolution also amended customs laws in order to protect domestic industry. It amended the law on companies as regarded joint projects between Egyptian and foreign capital in order to offer Egyptian investors greater participation in these companies. Then after that came the Egyptianization measures, from which the private sector derived maximum benefit, because they made the local market open to it and eliminated the foreign near-monopoly that had dominated the banking system. Above and beyond that, the government put its hands only on big foreign companies and projects, in order to turn them into a nucleus for the public sector. Small companies, projects and factories were sold in full to the private sector.

"One also cannot ignore the benefits domestic capitalism reaped through agrarian reform, although it was apprehensive about it in the beginning. The elimination of feudalism freed up purchasing power in the countryside and expanded the size of the local market, creating a great reserve of manpower in industry as a result of the encouragement of migration from rural to urban areas.

"The July revolution also put a limit to strike activity among private sector factory workers that had become widespread before 1952 and had made capital owners sustain grievous losses; they continued to have no control over the factories until the July revolution arose and imposed labor stability within the factories.

"In spite of all these encouraging measures, domestic capitalism continued to be adverse to industrial investment and apprehensive of the July revolution, especially after the improvement in its relations with the Soviet Union in 1956 and the

growing tension in its relations with the Western camp in the wake of the crisis of the financing of the High Dam and the nationalization of the Suez Canal."

#### The Dispute between the Revolution and the Private Sector

Dr 'Ali 'Abd-al-Hamid pointed out that numerous meetings took place in 1959 and 1960 between 'Abd-al-Nasir and businessmen and industrialists in which he tried to resolve their hesitancy and prompt them to participate extensively in the 5-year plan which relied on the private sector for most of its investments. However, after a year had elapsed from the start of the plan, it became clear that construction rates lagged and private capital had acted deceitfully in evading its commitments, a matter which threatened the success of the plan and prompted the government to take measures to nationalize and replace the traditional measures for building up industry with more decisive, effective measures. Private capital has not forgiven the revolution for this, in spite of all the revolution's earlier attempts to induce it to take part in the construction of the domestic economy and support national independence, which ended in failure.

#### Government Protection of the Private Sector

Dr Muhammad Khalil al-Bar'i, professor of economics at Cairo University, has a different opinion on the July revolution's position toward the private sector. He considers that it did it extreme harm and that its effects have lasted to now. He says that the nightmare of nationalization and sequestration is still vivid in its mind and that that is the reason for the private sector's reluctance effectively to take part in the domestic economy since the sixties.

He goes on to say:

"The private sector in Egypt before 1961 was characterized by production and export activity, and the Bank of Egypt and 'Abbud Pasha companies managed to invade European markets with Egyptian products, especially textiles. Now, however, we cannot stand up to Korean cloth, for example, in the private or public sector. The fact is that one cannot accept the July revolution's thinking on liquidating the private sector on grounds that it refrained from investing. Even if we accept that it did refrain, the July revolution ought to have built up the public sector apart from the private sector, not on its ruins. The real reason for what happened in 1961 was to redistribute income and wealth. We might be in agreement with the revolution about redistributing incomes, but redistributing wealth is a dangerous, unsound policy, since it ignores private capital resources and the important part they can play in development. The basic reservation that is adopted vis-a-vis the positions of the big capitalists is that they attempt to dominate political activity and that the July revolution had to put a stop to and prevent this activity and nullify its political effect, without, however, eliminating the private sector and abolishing its role during this period; that resulted in its negative attitude and its aversion to unsafe investment, whose consequences we are still suffering from. That is true as far as the sixties go. As for private capital recently, we cannot claim that it has played a big role in the development of the domestic economy--rather, to the contrary, it has helped increase the rates of inflation which we suffer from, since it has created distorted consumption patterns that depend on



luxury goods and has helped create a big balance of payments deficit, since it has not directed its investments into productive activities but has directed them rather toward speculation in land and building and speculation in the prices of consumer goods. The strange phenomenon is that speculation has become flagrant and has become characteristic of every class, from the big real estate investors to small grocers.

"Private capital has also rapidly started to direct itself toward non-productive activities, for instance investing its money in banks because of high interest rates which guarantee an assured, fixed monthly income when compared with the risks of industrial investment, for instance. There also is commercial investment, which has become extremely active in the recent period, in view of its reliance on limited fixed capital, the rapid turnover of capital and high profits, not to mention rapid return on capital when investors feel threatened."

Dr al-Bar'i considers that the government must open all industrial and service areas to the private sector, with the exception of public utilities and basic industries into which the private sector does not venture because of low profits or massive capital requirements. In the trade area, there is no way around public sector dominance of foreign trade, especially imports, and it must also dominate domestic trade, provided that it leave retail trade to the private sector while intensifying surveillance over prices and the availability of goods.

Dr al-Bar'i goes on to say:

"One must restore the private sector's lost confidence and prepare the climate of faith and stability it needs, by guaranteeing the right of ownership and the right to dispose of ownership within reasonable limits, so that private property is not infringed on as long as it is playing its part and its social function. The government must offer it the necessary facilities, for instance providing means of financing at a reasonable rate of interest. It is unreasonable, for instance, that the industrial private sector should borrow from banks at 20 percent interest, when it knows in advance that it will take a long time to establish a new industry before a profit is realized from it, because of problems of production and bureaucratic procedures, not to speak of problems of the market and prices of raw materials and factors of production, when it also knows that the government will not allow it a profit margin of more than 20 percent, which jeopardizes the practical possibility of paying off its debts and high interest. Therefore, it refrains from true, broad investment. The government must also bring about equity in pricing, as is happening with certain industries now. The problem of labor, finally, requires a rapid solution through increased supplies of technically specialized persons and skilled labor."

Dr al-Bar'i wonders:

"Where are the vocational industries and the small producers who are considered the basis for domestic capitalism? Where are the products of Khan al-Khalili, for example, which have become threatened with extinction because there is no government support for them, in spite of the big problems we are suffering from, such as the problem of a scarcity of trained labor and the slow turnover of capital?"

## Manufacturers Complain of Problems

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/Text/ The owners of private sector factories, or the people who are putting their hands in the fire, as they say, are presenting their problems. The owners of textile plants stress that the Ministry of Supply has dealt them a telling blow and that expanded textile and readymade clothing imports will lead to bankruptcy in the private and public sector plants alike. They assert that 60 percent of the plants in Shubra al-Khaymah have shut their doors because of these problems. The owners of household appliance factories have problems of another kind, which are restricted to an inadequacy of shares of production accessories. The owners of soda water plants stress that their problem is that costs are above the sales prices the Ministry of Supply has set forth.

Nonetheless, on top of these problems, there are the problems of bureaucracy and obstructionism which can close a factory down, as happened in the case of the Damanhur plant.

Two points of view stand out regarding the July revolution's relationship to the private sector and capitalism. The first holds that the revolution declared its good intentions toward domestic capitalism from the first moment, supported it, tried to back it, and raised the slogan of cooperation with it. In spite of all that, the private sector continued to be apprehensive, out of fear of the revolution, and domestic capitalism fled, hid under the floor-tiles and went into non-industrial projects. The other point of view holds that one cannot accept the July revolution's thinking on liquidating the private sector on the pretext that it was adverse to investing. This thinking would justify the private sector's reluctance to participate in industrial projects now, on the excuse that the specter of nationalization and sequestration is still vividly before it!

It would not have been possible for AL-MUSAWWAR to keep on about the state of the private sector without making direct contact with the living reality which it is experiencing. While theoreticians, in the form of economics professors and planning experts, have presented the broad outlines of the private sector's course, including its pros and cons, and have in general outlined the features of the reality it has been going through recently, it was necessary to listen to the Egyptian investors themselves and learn their views on everything that is said about them. In a broad tour through the most prominent industrial sections of Cairo, in Shubra al-Khaymah, al-Amiriyah and al-Azhar, we met with some owners of private sector factories who said that domestic industry lacked adequate protection vis-a-vis importers and talked about their difficulties with the Ministries of Supply and Industry, the difficulties of obtaining production requirements and raw materials, and demanded that their problems with customs, taxes and the pricing agency be resolved. We chose to concentrate the bulk of our tour on the textile, readymade clothing, carbonated beverage and lumber industries, since the industrial private sector is directing the bulk of its investments toward these. It is investing 801 million pounds in the readymade clothing industry at a time when government investments in this field do not exceed 81 million pounds. It is investing 157 million pounds in the lumber industry at a time when the government's investments do not

exceed 14.5 million pounds. In carbonated beverages, it is investing 140 million pounds as compared with 112 million pounds from the government.

#### 60 Percent of the Textile Plants Are shut down

In the city of Shubra al-Khaymah, the most conspicuous thing that drew our attention was the severe problems facing the textile industry, which have resulted in the closing down of 60 percent of its factories. The rest are working at half their productive capacity.

The textile plant owners say that the government is not encouraging the private sector and that it is expanding imports at the expense of quality. They also accuse the Supply Ministry of delivering a powerful blow against the Egyptian textile industry.

Mukhtar al-Sa'id, a textile factory owner in Shubra al-Khaymah, says:

"The textile plants' problems started only last year, because of the public sector's abdication of its commitment to operate the private factories. Since 1964 there has been an agreement with public sector factories, which had promised us they would process some portions of the spinning at their expense in exchange for a specific per-meter profit. This agreement continued to be carried out until 1981, when the public sector companies reduced their operating shares to 40 percent of their previous volume, as a result of the increase in the accumulated store of textiles in their possession, and started to exert extreme pressure on us to compel us to sell these shares at a price far below cost, which brought outrageous losses on us and prompted some factory owners to close their plants and release their workers. The spinning industry's problems are not confined to the private sector alone. The government's expanded imports of textiles and readymade clothes are threatening the private and public sectors both."

Al-Hajj 'Ashmawi Saqr, the owner of another textile plant in Shubra al-Khaymah, considers that the Ministry of Supply has inflicted great losses on the spinning industry in the private sector. He says:

"The al-Azhar area was the basic outlet for the disposition of our products in past years. Now, however, it is full of imported cloth, which is harming our products. The Ministry of Supply is encouraging imports at the expense of Egyptian products; the most conspicuous example of that is the project for government employee uniforms which from the beginning was established to encourage domestic industry. However, the Ministry of Supply contradicted itself and started to turn toward imports, finally depending on them totally, as well as exempting them totally from customs. Pyjamas imported from China started to be sold for 2 pounds, while local pyjamas were sold for 4 pounds, and the Egyptian consumer has avoided them. The Supply Ministry's policies have caused severe damage to local products on the excuse that raw materials and manufacture are poor, while the fact is that the fault is not in Egyptian products but in the policies imposed on them."

"The government's protection of the private sector is crucial to its survival. Without government support, the private sector will never be able to stand fast.

The local textile industry cannot stand fast now in our local market, although we once exported textiles and ready-made clothing in the fifties and the government gave us massive aid. I obtained subsidies of 2 piasters for every meter I exported. Now, however, the government has imposed severe restrictions on exports; on top of that, the bureaucratic procedures which cause the imposition of large fines on exporters have become complicated."

Fikri 'Imarah, the owner of another textile plant in Shubra al-Khaymah, says that government policy on domestic industry and the encouragement of imports has led to an increase in private sector fears and hesitations about investing its money in industrial activities, since commercial activities have become more profitable and secure.

#### Tin Allotments Are Inadequate

In Egypt there are seven private factories producing butane bottles and washing machines. The owners of these factories have started to say that they are not at all suffering from the problem of competition with imported goods, although these are available in the market, in view of the great difference in prices, which prompts consumers to buy Egyptian products because of their low prices. The basic problem facing them is that the production requirement allocations the government gives them, especially in the case of tin and aluminum, are not enough.

Sa'id Muhsin, the owner of the Federal Butane Bottle Factories, says:

"The government does not give us adequate tin allotments. It provides me with only one third my actual requirements, and it does not take the volume of each factor's output into account. Unfortunately, intermediaries often intervene, along with other things, to set these shares. In addition, the government is not regular with its supplies, because of the frequent shutdowns in the iron and steel plant that produces the tin we rely on to manufacture the butane bottles, and this compels us to buy from the black market at extremely high prices. The black market price comes to 600 pounds a ton, while its official price is 400 pounds.

"There is also the problem of the complexity of procedures for importing the technological equipment necessary for developing the industry and production and the high customs duties on it. I imported a new machine a long time ago but cannot get it into the country because of customs' obstinacy and insistence on getting 59,000 pounds in customs duties for it instead of having the government encourage the imports of production equipment and reducing their customs duties, or abrogating them totally as it does with the public sector."

#### We Are Threatened with Bankruptcy

The owners of soda water plants are threatened with bankruptcy. They recently filed a suit against the Ministry of Supply to which they appended their budgets for the last 5 years, establishing that they had suffered big losses. They accuse the Supply Ministry of being the direct cause of these losses which are threatening them with bankruptcy.

Concerning the problems of this private sector group, one woman who owns one of these plants says:

"We suffer from three problems. The first is that the real cost of our products is above the sales price the Supply Ministry has set for them. That has resulted in bankruptcy for most soda water plants, which total seven, while there were once 55. The price of the raw materials used in producing a case of lemonade, for example, is 2.14 pounds, while the sales price the ministry specifies is 198 piasters. That is, a single case realizes a loss of 16 piasters in 1980 prices.

"The second problem is the rise in the value of the production levies. In 1965 that was just 5 milliemes per bottle, but now it has come to 5.5 piasters per bottle, which is extremely high in comparison with the cost of the bottle, which is 3.5 piasters.

"The third problem is embodied by the fact that opportunities are not equal to those of the investment projects, whose beverages are not subject to pricing, though the government imposes pricing on private sector beverages. Retail vendors who sell a bottle of soda water produced by an investment company obtain a profit of 3 piasters because the bottle is not subject to pricing, while his profit is no greater than 7 milliemes in the case of the private sector bottle. This prompts him to promote sales of the former at the expense of the latter."

The owners of soda water plants demand that the production levies be reduced and that prices be raised, or that they be exempted from pricing the way the investment factories /project/ are. They also say that it is necessary that the government intervene to set an equal profit for sellers in the case of all types of beverages regardless of the body that produces them.

#### Pricing Is Unfair

The pricing problem is common to most private sector factories. The soap industry, for example, has been sustaining big losses since 1967. The owners of these factories say that the government provides them with production requirements at official prices, but the prices of other factors of production, such as labor and power, have doubled in recent years, which has led to a rise in the actual cost of production. In the case of ordinary toilet soap this came to 434 pounds per ton in 1981, having been 274 pounds in 1967, while the official pricing has not taken this increase into consideration. The Chamber of Food Industries presented a memorandum to the Ministry of Supply demanding that it either free soap from pricing or subsidize production requirements to the level which will guarantee investors a reasonable profit margin.

#### Local Banking Problems Reviewed

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/Text/ In the opinion of Dr Sulayman Nur-al-Din, the former minister of economy, it is current banking policy that is primarily responsible for the private sector's orientation toward commercial rather than industrial activity. The banks close their doors to investors but open them wide to importers.

Just as banking policy has been primarily responsible for the exhaustion of the public sector, it now bears a large part of the responsibility for the unhealthy tendencies that the private sector in Egypt has been displaying.

Dr Sulayman Nur-al-Din says: "The issue of showing concern for the role of the private sector, and encouraging it, is not one of personal temperament--it is an issue that imposes itself for more than one reason. Our problem now is to turn the slogans we are raising into decrees that must be carried out.

"What we must admit is that the public sector is exhausted, and it needs a soldier's rest so that it can catch its breath, develop itself, carry out the replacement and renovation plans it requires, and carry off the process of correcting its transformational structure. These structures can be corrected only if we review the industrial public sector's relationship with the banking sector, which I consider primarily responsible for the exhaustion of the public sector. The banking sector has deliberately provided the public sector with credit facilities and short-term loans at high interest, although the public sector, in light of its makeup, needs medium- and long-term facilities at an intermediate interest rate in the neighborhood of 8 to 9 percent. Later we will discover that the banking sector is also more responsible than others for the private sector's orientation toward commercial activity instead of industrial activity in many cases."

Dr Sulayman Nur-al-Din says, "In order to realize how serious the role the banking sector is playing is, you must understand that its profits amount to 10 times those the whole industrial public sector has realized. Suffice it to say that the profits of the Suez Canal Bank alone are equal to the entire annual profits of the textile sector. The situation cannot be set right while things are like this. Therefore we must review all this.

"While the equation is complex, its results are obvious. The domestic economy must stand firmly on both feet, not on one foot, which requires that the productive private sector play its part effectively, because, whether we like it or not, one result of the previous period was that large revenues and surpluses were realized by the private sector, in addition to the savings of workers and the family sector. The question is where these surpluses can be directed if there is no carefully drawn policy for investing them in development. I say that they are now being directed toward foreign banks or deeded apartments, which are the hidden competitors of development in Egypt. At a time when we find that the private sector has surpluses, which is obvious, we find that the public sector, as we already said, is exhausted and requires that adequate investments be made available to it. Therefore it is clear that we should encourage the private sector so that the whole burden will not be laid on the public sector, especially since its circumstances are difficult and the private sector has surpluses which we must draw into investment in production."

How can we encourage the private sector in the field of production?

"To do this," Dr Sulayman Nur-al-Din says, "we must eliminate the obstacles which it is facing and offer it an appropriate climate.

"The private sector started moving briskly in the mid-seventies and the government gave it a strong push. Of course deviations were bound to occur. These deviations must not be fought in the media but must be fought administratively--publishing news of taxpayers who have evaded payments does not amount to more than intimidation, as far as public opinion goes. The private sector is cowardly by nature. Our duty is to reassure it, not to intimidate it, so that it will agree to take part in development activities."

Dr Sulayman Nur-al-Din says, "If the obstacles standing in the way of the private sector are eliminated, it will be able to take part in a number of industries. For example, in the case of the cigarette industry, why don't we let the private sector have a chance to work in it, since it has the readiness to do so, so that we can produce our needs locally rather than importing 100 million pounds' worth of foreign cigarettes per year? Aren't we encouraging the tobacco industry in Britain, for example, especially since the public sector's capacity is not able to produce all requirements, because of a shortage in the investments that can be allotted to it because of the circumstances of the general government budget? While the private sector has such /capacity for/ investments, why shouldn't I let it invest in industry rather than investing in imports--or is the goal to encourage import agents?

"The same thing holds with respect to cement. How can we allow the private sector to work in the area of trading in and importing cement, making millions in profits, while we prevent it from manufacturing cement and at the same time import 60 percent of our cement requirements? Instead of importing a ton of cement for \$60, we can get it from local plants if we give them \$30. There is a group which wants to keep the private sector from getting into the field of cement industry production, so that it can have a monopoly in dealing in cement through imports. What a great secret that has been! Doesn't that mean that I am encouraging the cement industry in Greece, Spain and Rumania and encouraging commercial activity rather than industrial activity in our country? I say we must open the door to the private sector to participate in producing every commodity where domestic production is unable to meet our needs, without getting into mazes, complications and descriptions which directly or indirectly realize benefits for some people but inhibit the public sector from contributing its full powers in regard to production."

The situation, as the former minister of economy says, requires that one review the method of operation of the Industrialization Authority and the Investment Authority. What is wrong with having the Investment Authority issue a list of products the private sector must be allowed to work to produce? There is no difficulty in preparing such a list if we look at the list of fully-manufactured imports. We must pave the way for the private sector to manufacture everything we import fully manufactured, especially since the government's economic circumstances do not allow it to make sufficient investments. Take cigarettes as an example. Had there been adequate public sector investments, the sector would have inundated the market with its products and the lines we see every morning would have disappeared. Therefore we must try to encourage the private sector to direct its investments into the field of industries that we need to get into production.

## The Banking Sector Mafia

There is an essential point which Dr Sulayman Nur-al-Din says is more responsible than others for private capital's tendency to go into commercial rather than industrial activity. If we evaluate recent experience, we will find that commercial activity has been more prevalent than capital activity, especially in the import area. We have all been deceived by the classical argument with which we always explain the private sector's orientation--rapid commercial gain. By this argument alone, we have justified the private sector's lack of willingness to invest in production, but there is an essential reason we must grasp, and not allow to slip through our hands, which is that banking policy bears the prime responsibility, because its method of operating pushes the private sector into trade and makes it turn away from industrial activity.

We find that the banking sector, rather than guiding the private sector's mentality, is operating on the same premises as the latter in seeking rapid gain. It would have been better for it to change its investment conduct in a manner which would provide it with rules and procedures that would cause the private sector to review its positions before acting.

The banking sector, as embodied in banks, prefers to invest the loans it is given in short-term areas represented by import trade, because it is interested in turning its money over rapidly in order to realize greater returns. Since the banking sector lies within the general policy of the government, restrictions must be placed on it which would stipulate that a minimum amount of money or a specific percentage of the loans banks give be put into productive investments in industry and agriculture, because investors find unlimited difficulties in their dealings with banks, which continue to study the project for periods that go on for years and ultimately seek reasons for making rejections, because, instead of investing their money in long-term investments, they prefer to put them in commerce. All banks open their arms to all importers, while they turn away from all investors. Not only that, but if they give loans, they give them to investors at the same rates at which they give them to importers, which in many circumstances come to 16 percent.

From the foregoing, we can conclude that banks, through the banking policy that governs them, can play an important role in guiding economic activity. While we are on the subject of increasing production--which raises the question, how?--we can reply here that a review of banking policy is one of the necessary means to that end, so that it can direct more private capital to industry instead of commerce. How can we allow ourselves to import detergents although they are a simple industrial process which does not entail more than a box with some detergent materials inside it?

## Customs Policy and the Tax Rate

Dr Sulayman Nur-al-Din says, "Customs policy is also responsible for private capital's orientation toward commercial rather than industrial activity. Customs tariffs need to be reviewed, since customs duties on finished imported products must be much higher than those imposed on the components of these products when



they are imported as production accessories or raw materials for local processing. Because these duties, as far as the final producers go, are close to the duties imposed on production components, people engaged in economic activities prefer to import products rather than importing their components to be processed locally. Thus the laws and decrees in effect in this field encourage capital one way or another to flee from industry into commercial activity. I can content myself, in giving an example of the lack of discipline in customs policy, by saying that many commodities enter the country under categories which are meant to be deceptive, such as furniture, which comes in with negligible taxes then competes with local production. However, if the categorization of commodities was done accurately we could do without such things, especially since we are country that is known for furniture manufacture.

"It is the law and decrees in effect that encourage the private sector to work in trade and avoid industry. Otherwise, how could we explain the fact that the rate of the taxes imposed on industrial activity is close to that of the taxes imposed on commercial activity, although the tax rate that is imposed is supposed to be used as an important means for guiding economic activity, and then after that claim that private capital prefers to direct itself toward trade at the expense of industry at a time when we are speaking about the need to increase production but not wondering how to do so? How can we increase production at a time when we find that most of the laws, decrees and statutes in effect talk of increasing commercial activity and encourage it?"

#### Damanhur Cannery Shutdown Reviewed

Cairo AL-MUSAWWAR in Arabic No 3019, 20 Aug 82 pp 78, 79

/Article by 'Isam Rashwan/

/Text/ This is just an example of the type of obstacle that domestic capital faces when it wants to become involved in a productive field.

An Egyptian coming from Greece was bedazzled by the open door policy. He closed down his factories there and decided to invest his money in Egypt.

The former governor of al-Buhayrah, 'Abd-al-Halim Hattatah, asked him to make some investments in Damanhur. The man immediately agreed.

From the head of the district and the town of Damahur, he bought, in his own name, 10,844 square meters for 54,234 pounds, or 5 pounds per meter, in 1977, to build the al-Buhayrah Cannery.

The plant, which used the most advanced forms of technology, started producing 4,000 tons of tomato sauce, 3,000 tons of frozen vegetables and 7,500 tons of various fruit juices. Large refrigerators were also installed, to store 3,000 tons of tomato and fruit paste for reuse during the year, which would have the effect of saving Egyptian consumers 36,000 pounds which could have been added to the price of the product!

The plant accommodated 250 male and female workers from the governorate. Suddenly a decree was issued closing down the plant. How so? Why? This is the story.

An American company, Hunt, sent 10 experts to Egypt freshly to plant thousands of feddans of reclaimed land together with an Arab company, to meet the factory's vegetable and fruit requirements, and also to install modern machines in the plant, which had been completed a month before.

The plant ought to have been tested by actually producing canned goods, sauce and the other types of food that were to be produced.

Even though all the conditions for operating the plant, from the sanitary, construction and industrial safety angles, had been met, and although a request had been submitted to obtain permits more than a year earlier, hidden hands were at work in the shadows to bring frustration upon domestic capitalism and compel it to flee the investment area!

Subhi Ghali, the owner of the plant, says, "The Damanhur local unit issued a decree closing down the plant. Production operations were suspended. They sealed the storage units and refrigerators with red wax and my property was threatened with a loss!"

"The construction of the plant came about by invitation of the former governor of al-Buhayrah, after the Investment Authority had given its agreement, pursuant to all the necessary measures and documents in my possession!"

"In the closure decree it was stated 'After reading the letter from the Industrial Safety Office dated 4 August 1982 which led to the writeup of the abovementioned ledger,' but we know nothing about that ledger; no one came out to write up any such ledger!"

"At the same time the al-Buhayrah Security Department sent the Damanhur assistant general civil defense overseer a letter on 7 August 1982 confirming that there were 10 foam fire extinguishers with a capacity of 2 gallons /each/ and that workers had been trained to use them. There were also five fire hydrants with the requisite specifications!"

/I asked/ "In your agreement to start to build the project, it was stated that you had committed yourself to paying 1 percent of the value of the production to the service fund. The local council says that you have violated this condition!"

The factory owner replied, "I did not violate this condition. Rather, on 12 December 1981 I sent the governor of al-Buhayrah a letter telling him 'The governorate has not specified the requisite amount of halva or the agreement on ordinary meals which were the basic condition for paying the 1 percent into the service fund.'"

"The condition for paying the 1 percent was totally contingent on the governorate's meeting its commitments to specify the requisite specifications. Unfortunately the governorate has not given us a reply on the specifications to this very moment!"

"In another area, we wrote the director general of supply and internal trade on 22 May 1980, requesting that he agree to specify sesame and sugar shares in a manner that would conform with the amount of sesame seed halva that the governorate required, stressing our ability to supply 300 tons a month and specifying the amount of sesame and sugar this quantity required. The Supply /Department/ has not yet answered us either!

"On 9 September 1980 we wrote to the former governor of al-Buhayrah, explaining to him that the al-Buhayrah Friesco cannery was established with Egyptian capital, by Egyptian partners, through Investment Authority agreement 6130/1974 in accordance with commercial registration number 92276, on 18 November 1979.

"In our letter to the former governor, we enumerated the obstacles that stood in the way of our production progress, the most important of which was a failure to specify a fixed amount of supply commodities needed to produce jam, juices and sesame halva!

"We asked for an estimate of an appropriate amount of oil to can fava beans, along with a commitment on the factory's part to submit what it could produce!

"We complained to the former governor that a telephone had not been installed in the plant for years, although that was necessary to cope with accidents and threats to workers, raw materials and equipment in the plant--compelling us to use 'carrier pigeons' to send letters to our office in Alexandria!

"We told the governor that eliminating these obstacles would mean paying 1 percent of the net profit to improve the environment and cover local sesame, jam, juice and boiled fava bean consumption and that the plant would be able to produce cheap ordinary meals for places where there were large groups of people, such as schools, security groups or factories!

"More than that, when the factory operated at full capacity, it would be able to meet export orders, realizing an annual hard currency income of up to \$5 million a year which could be used locally!

"We asked them many times to eliminate the obstacles, but they were all silent and closed their ears!"

What about the role of the governorate after that?

He said, "Our last letter to them, to the director general of legal affairs in al-Buhayrah Governorate, was dated 14 May 1982, in response to his letter of 15 March 1982, which included a reference to a statement they had received from the local unit of the district /and/ city of Damanhur regarding a request to take legal measures against us for not carrying out some sections in the agreement to produce ordinary meals and sesame halva, as well as the town council's failure to receive the 1 percent of the value of the factory's total production.

"In our response to this letter from the governorate's legal affairs /department/, we stated that everything bearing on the production of ordinary meals, sesame

halva and the payment of the 1 percent of sales had appeared in the contract drafts and constituted reciprocal interrelated commitments."

In spite of that, Subhi Ghali, the owner of the factory, asserts his full readiness to pay the 1 percent, which they have turned into a "Goha's nail."

"The factory, for its part, in five successive letters, from 10 July 1980 to 18 March 1982, took the initiative of addressing the governor of al-Buhayrah, to inform him of the means and bases for carrying out the commitment bearing on the production of ordinary meals and sesame halva. These letters of ours were a serious attempt to carry out our commitments. No one has answered us for 2 years!"

"The Frescor plant was surprised to receive a letter from the legal affairs /department/ of al-Buhayrah Governorate, referring to the adoption of legal measures against the plant!"

/We said/ "The local unit is adamant in using more water than necessary, which has resulted in a loss of water pressure in the Shubra area, and it has contributed to pollution of the adjoining canal, through the drainoff of water used in sauce storage areas!"

The factory owner replied, "The equipment for using the water arrived under the supervision of the department of irrigation engineering of the district of Damanhur, along with official documents, and I paid 20,000 pounds for that out of my own account! In addition, with regard to the drainage, although the area on which the factory was established lies within the city limits and it is the town council's responsibility to furnish it with all utilities, we paid 2,800 pounds to survey the facilities and sanitary drainage."

On the loss of water pressure in the Shubra area, he said, "How can that be true when I am paying just 24 pounds a month for water consumption, whose receipts are in my possession--that is, the consumption of a residential structure at most?"

"Is it conceivable that the consumption of a residential structure in a broad area like Shubra could reduce the water pressure?"

/I said/ "But you have violated the 'standard' specifications, as the local council claims?"

The factory owner said, "Not at all. That has not happened. Rather, totally to the contrary, I met the specifications as they were spelled out by 'Awad, the 'special' city council contractor! So who is at fault?"

/I said/ "You bought the land on which the factory was built at a very low price, since its value is more than 1 million pounds while you paid just 54,000 pounds!"

The man replied, "I have no expertise in land prices here in Damanhur and did not appraise them or bargain over them either. However, the 'people concerned' are the ones who set the price on the basis of which I paid the agreed amount!"

"In another area, I did not 'speculate' in this land. Rather, I established a factory on it which serves the country, does not produce rotten food, but rather food that is canned here in Egypt, and is equipped with the most modern equipment for human use! Is this the punishment I get?"

"In yet another area, the purchase was made in 1977. A citizen here bought land on the public road at a price below that which I bought it at. Why me specifically?"

/I said/ "You trespassed beyond the allotted area and took over an additional portion of government land!"

The factory owner replied, "I stopped building the factory fence because I discovered that an oil tank was just half a meter outside the boundaries I had purchased. I am prepared to buy it, even for 1,000 pounds! That is not a problem for which a factory that supports self-sufficiency in food in all areas of Egypt should be shut down!"

/I asked/ "What was the result of the shutdown of the plant?"

The plant owner said, "The plant pays interest of about 200,000 pounds a year to public sector banks, and it will not be able to pay that. Consequently it will not be able to pay the instalments! We have made contacts for about 1,000 tons of mangoes with merchants. Americans are starting to plant land to produce 3,000 tons of tomatoes to produce sauce, and the farming in these areas will of course stop!"

"Likewise, we have storage space in the Bank of Cairo and the National Bank for packaging and raw materials worth about 650,000 pounds. The failure to produce during this season will result in the failure to use these raw materials and coverings, which will remain stored for another year, exposing some of them to damage. Some of them incur exorbitant interest, since we are paying commercial banks 14 percent!"

"If production is suspended, we will not be able to pay the commitments in post-dated checks we have made by contracting for 8 million cans with the war factory in Abu Qir for canning juice! This will also result in facing the plant and the people who own it with bankruptcy and loss of the money they have paid, which to this moment comes to 1.85 million pounds!"

"The American consul in Alexandria met with the governor of al-Buhayrah a few days ago in an attempt to get the plant, in which some experts with the American firm Hunt, whose sales of canned goods in various areas of the world come to \$1 billion, are working, back into operation.

"The governor's argument was that the owner of the plant had violated the disposal terms!"

"We assert to him that all the necessary disposal conditions the official authorities stipulated have been carried out in full, and we have the documents in our possession!"

The factory owner continued, most agitatedly, "I am not ready to carry out two other projects which the Investment Authority had given agreement to, and I am not prepared to waste more money! I am ready to be taken to the Office of the Public Prosecutor, or the socialist prosecutor. I am not a person who can be intimidated!"

"I have not imported rotten poisons. I have not been trafficking in drugs. Rather, I am producing in Egypt for the people of Egypt and I am 100 percent Egyptian!"

Although the Investment and Free Zones Authority sent a letter to the head of the Damanhur city council on 10 August 1982 asking him to give the project a chance, because of the service it provided consumers and the local market in the form of canned goods and precooked meals, the city council in Damanhur, the local unit, and even the Governorate of al-Buhayrah, all insist that the private sector, which depends on domestic capitalism, stick its head in the nearest wall!

It appears that the climate has not yet become ripe for the services of domestic capitalism; as long as the door is wide open to parasitic capitalism and speculation, what solution is there?

#### Liberalization Policy Assayed

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/Text/ The private sector's fears and concerns are unending. They extend to the private investment sector, which has started to complain about many of the negative features it is suffering from. The Federation of Industries, as well as the chamber of commerce and some specialists, present their opinion on the problems of the private sector. Some people say that the private sector rejects government intervention, even when that is in its interests, while others say that liberalization is the private sector's golden age, so why shouldn't it come forth and plunge into areas of production? Others assert that the private sector's bank deposits come to 8 billion pounds and that it still has no security. Where is the truth in all this?

In this instalment, we had to become acquainted with industrial investment trends in recent years, the type of industry that the private sector is receptive toward and the extent to which the government is guiding its productive efforts and industry. Therefore it was most natural that we should start with the General Industrialization Authority, the body concerned with giving "permits" for private sector industrial projects, in the case of new projects, or expansions in existing ones.

In the Industrialization Authority, specifically in the Permit Department, we asked about the private sector's industrial investment tendencies in recent years and tried to find an answer to charges that the department had been procrastinating and tightening up on the issuance of permits.

Eng Salah Fahmi, the permit director, said:

"The private sector's industrial investments have been heavily directed to the construction materials, food processing and readymade clothing industries in

recent years. Investments in the building materials industry leapt by 50 million pounds in a single year, reaching 124 million pounds in 1981 as compared with 74 million pounds in 1980, while they did not exceed 2 million pounds in 1974.

"Investments in food industries in 1981 came to 142 million pounds, as compared with 12 million pounds in 1974.

"Textile investments rose in the same period, 1974-81, from 5 million to 70 million pounds, in spite of the drop in the ratio of investments in textiles to total industrial investments. Machinery industry investments surged to 55 million pounds, where they had amounted to 5 million.

"There has also been a tremendous increase in the number of projects: in 1980, these came to 907, with a capital of 260 million pounds, whereas the number of projects established in 1974 did not exceed 358, with a capital of 19 million pounds.

"These figures underline the fact that there has been an obvious revival in private sector industries in recent years, although one should note that most investments were allocated to expansion of factories that actually existed and not to the construction of new ones."

He went on:

"Regarding the charges directed against the authority, to the effect that it is tightening up the issuance of permits, there is no element of truth to that. In 1981, for example, 907 projects were submitted to us and we rejected only three of them!

"The problem is that the private sector does not want any government interference in directing its projects, even within the narrowest possible limits to protect the interests of the private sector itself. We reject only those projects where the market is suffering from a surplus or a pileup of the goods they produce. We also reject nonproductive projects whose activity is restricted only to packaging, for example where the commodity is imported or bought from the public sector, then packaged in Egypt, as is the case with industrial detergents. Delays that might occur in the issuance of some permits may be attributed to the fact that the agreement of numerous bodies must be sought for these permits, such as the Ministry of Housing, the Ministry of Health and the Ministry of Economy, and this sometimes leads to some delays, which are restricted to a few instances."

However, It Is Sometimes To Be Excused!

Dr Jalal Amin, professor of economics at the American University, speaks about the lines which govern the relationship between the government and the private sector, hoping that some forgiveness might be shown the private sector, saying:

"The private productive sector's participation and effectiveness in any system depend on a number of conditions, the most important of which are clarity of the picture of the economy, stability of the laws governing it, a definition of areas of jurisdiction, a lack of obstructiveness, the existence of protection for domestic

products, and the infusion of a spirit of confidence and security. It is not an issue of titles. A socialist system does not of necessity mean closing the door in the face of private economic activity, and liberalization policy does not mean opening the door wide either.

"The policy of extensive imports in Egypt has without a doubt had an effect on the activity and orientations of the private sector and created an atmosphere in which it is difficult to direct this sector toward productive work. High inflation rates have encouraged capital to turn toward fields of speculation and commerce, such as the sale and purchase of land, imports and banking activities, which realize tremendous profits without any risk of loss to speak of.

"In addition, unequal competition with foreign imports has had an effect on local products and threatened them with stagnation and lethargy, especially since a large percentage of foreign goods are fully manufactured and exempt from customs, while the private and public sectors pay exorbitant customs duties on production accessories for these very goods. Does the government still have the right to complain because the private sector does not take the initiative to produce?

"One should excuse the productive private sector in many cases. An example to illustrate that which is close at hand is the poultry farms. The government, at the beginning, encouraged the private sector to put its capital into this field, and in fact many people agreed to set up poultry farms. However, after a short while they were compelled to shut them down because of the losses they suffered after the government had encouraged the importation of tremendous amounts of chicken which flooded the market and drove private sector poultry out of it. There also are the great privileges which have been granted to the investment projects, which have harmed that part of the private sector which is not subject to Law 43. Investment projects are exempt from taxes for a period of 5 years, the government does not interfere in setting the prices of their products, and they are, in many cases, exempt from customs. In addition to this, they are exempt from the restrictions imposed on the employment of labor--indeed, it has reached the point where the importation of foreign labor is made easy. If we examine figures and statistics for the 5 years after the investment law, Law 43, went into effect, we will find that the job opportunities the investment companies have provided have not exceeded 5,000 a year; in addition, these companies have caused the public and private sector grievous losses in the field of labor by attracting good skilled personnel. That does not mean that the investment projects are the cause of the scarcity of skilled labor, though: the flight of laborers abroad is the basic cause of this problem."

#### Technology and the Private Sector

Dr Jalal Amin says, "The use of modern technology is one of the basic conditions the investment law demands of the projects subject to it, which enjoy broad privileges. My opinion on the problem of technology in general, and the technology of investment projects in particular, may be summarized by the fact that the investment projects' continued attraction of modern technology without adequate study has harmed the domestic economy more than it has benefitted it, because most of the benefits of this technology are not connected to the essence or real specifications of the commodity--rather, they are restricted to certain peripheral aspects



such as high-class packaging, which is what has happened with some battery manufacturing projects, resulting in adding new burdens to the price of the commodity and consequently a rise in its price without in most cases any improvement in its manufacture. The importation of technology has also been a justification for the infiltration of foreign management into many investment projects at the expense of Egyptian management, and at the expense of their development and their rights.

"I believe, as far as the subject of technology in general is concerned, that we, as a developing country, must be primarily concerned with the technology that is suited to the degree of our economic development that will enable us to develop industry and raise the actual specifications of commodities at the lowest possible cost. Extremely modern technology might be a burden on the domestic economy and might also prevent us from benefiting from our most important advantage, which is the tremendous reserve of labor resulting from the population density. Therefore I consider that it is necessary to study our economic circumstances and problems, our social condition, and our relative advantages in the realm of labor and so forth, before we spell out the type of technology that is suitable for us."

Concerning the future of the productive private sector and the conditions for its growth and development, Dr Jalal Amin says,

"It is difficult to attach great hopes to private sector participation in production unless the government seeks to provide adequate guarantees to protect and encourage it. The most important of these characteristics would be to protect it from foreign competition, facilitate conditions for its borrowings, and reduce the customs taxes on production accessories as compared with fully manufactured goods. The government must also clearly proclaim what areas it will allow investments to be made in, provided that prohibitions be the exception and not the rule.

"It is also necessary to determine the relationship between the public and private sectors. In a developing country like Egypt, it is silly to describe the relationship between the two as one of competition and internecine fighting rather than mutual support and integration."

#### The Vexations of Factory Owners

We also met with Eng 'Abd-al-Maqsud Hawwash, the owner of a factory producing lathes and drills. At the start the man spoke about the growth of his plant, saying:

"This plant was established in 1966. It consisted of a lathe-manufacturing shop with 10 workers. In a short time, we started expanding production, until the manufacturing we performed came to 70 percent per lathe. At that time we did not face any problems in obtaining raw materials because most of them were local; we imported only electric motors and some small items of equipment the government provided us in reasonable volumes to guarantee that production would continue and grow. Sometimes we dealt through the black market, where prices at the time were not more than 10 percent above the official prices. At the beginning, our production came to 25 lathes, and in 1973 it then reached 50--that is, the production doubled. Our production was all sold in advance and the public sector, as embodied in the

war industries, was our only competitor, but the competition was calm, decent and balanced, it covered market requirements, and there were no excessive accumulations of private sector or war industry products.

"At the start of 1974, we set out a plan to increase our productive capacity to 150 lathes. However, this plan was a failure and our production experienced a sharp setback when the market was opened wide to imports, which flooded our markets with imported lathes.

"The real disaster which threatens us is that imported lathes are subject to a customs duty of 2 percent, while our imports of production accessories are subject to customs duties of up to 50 percent. The natural result of this is stagnation in local lathes. Half of my output is piled up in warehouses, and the same thing is happening with production in the war industries, since the lathes that they produce are currently being thrown out on the hill, because the production is continuous and the amount in storage is greater than the size of the warehouses.

"I was compelled to suspend production for a period of a year and a half. In spite of that, I refused to turn to commercial projects and tried to develop production. However, I could not resist the tide of importers and I started to produce new types of goods which the market required. Imports, however, continued to hound me and inundate the market with these new types of goods, so I kept turning to new areas, and so on. I kept shifting from commodity to commodity, getting away from competition from importers, but to no avail; I do not know what the situation will be in the future."

No Technology along with Liberalization!

Concerning liberalization's role in bringing modern technology to the private industrial sector, he said:

"It is not true that liberalization has brought new technology to Egyptian industry. Domestic industry started to develop in the sixties, using the technology that was appropriate for us, which did not impose exorbitant costs upon us. Now, however, technology imports benefit the foreign countries and companies. The example which is nearest to hand is unequal competition with importers, which has compelled me to buy a license from a foreign company for which I was forced to pay 40,000 pounds, though nonetheless I could not keep abreast of the development in imported lathes because of my scant resources in comparison with foreign plants. Foreign plants which produce 1,000 lathes a day, with which they invade dozens of plants in the world, can develop and replace their productive machinery and equipment once every 5 years, in view of their extensive production and massive profits, but how can an Egyptian factory, which produces only 100 lathes a year, keep up with these accelerating rates of technological progress in the world? What potential does it have to enter into this tremendous race, as far as commodities, equipment and production accessories go?"

Guiding Imports

Eng 'Abd-al-Maqsud Hawwash considers that the government must hasten to intervene to solve the productive private sector's problems by guiding imports and protecting

domestic industry. He says:

"Once again the government must take charge of importing the raw materials the private sector requires, since unrestricted imports impose gross burdens on small and medium-sized factories in terms of price, quality and facilities. These factories have become easy targets for importers and the commercial private sector, which realize tremendous profits through brokerage and agencies, imposing exaggerated prices on the raw materials they import.

"In addition, there must be equality between the private and investment sectors in terms of benefits and facilities, and domestic industry must be protected by having liberalization oriented toward production, not consumption, the industrial private sector, not the commercial or parasitic sectors.

"Here one must praise the recent laws on the guidance of imports which have realized some degree of protection for domestic industry. However, we still look for further protection and further encouragement of the productive domestic private sector."

#### Long Experience

However, the investment sector has a different opinion on the private sector and the experiment with liberalization. It considers that this is the golden age for the private sector.

'Abd-al-Latif al-Sharif, owner of the al-Sharif plastic factories, which are subject to the investment law, considers that liberalization is the only compensation the private sector has been given after 20 years of restrictions. Concerning his industrial experience and its effect on political and economic trends in the course of 25 years, he says:

"My father started the job in 1958 with a small plastic factory. After that he then took out shares in the Pepsi Cola and milling companies. In 1961 the two companies were nationalized and the plastic factory, which faced many difficulties and vexations, remained. The general climate was hostile toward the private sector. Government agencies were watching us closely, with a list of prohibitions. It was prohibited to import machinery except after lengthy complicated procedures. It was prohibited to import raw materials, because the government imposed specific quotas on us which did not meet our production requirements; we got the rest of our requirements from the black market. As a result of these vexations, I closed down the factory, went abroad and established a company in Hong Kong, not returning to Egypt until 1967, when a forward leap occurred in dealings with the private sector, when the government started offering some easy terms for private sector activities and projects. At that time I reopened the plastic factory and resumed working. In 1974, with the liberalization policy, our production started to revive. In the period 1974-81 I managed to amass about 200 million pounds from Egyptians working abroad and invested them in the factory, which during that period turned into eight massive plants; my output surged from 60 tons a year to 3,000 tons a month. Production kept constantly increasing until the latest laws concerning the guidance of consumption came along, giving the impression that future policy would be based on tightening the noose around the private sector. We started suffering

from the obstinacy of officials, to the point where the Investment Authority, which was established to serve investors, turned into one of the greatest obstacles obstructing the sector--applications for new plants remained in the authority's offices for 3 years without receiving agreement. I raised the capital in one factory from half a million to 3 million pounds, but in spite of that the authority refused to exempt the new capital from taxes, although the law allows this. It was also obstinate about giving us permission to import certain raw materials that we needed on grounds that we did not have to have them. I wonder what the function of the Investment Authority is. Eliminating it would be better, as far as capital owners are concerned. I also request that imports be liberalized once more, without restrictions, provided that the government impose suitable taxes which merchants and consumers will have to defray if they want luxury goods. I also reject extending the 5-year plan to private sector activities. Private projects depend on individual initiative. For example, I have had the idea of manufacturing fishing nets and lines--how can a plan accommodate or include such a project? I believe that spreading about an atmosphere of security is a necessary condition for encouraging the private sector. After the laws guiding imports, I was compelled to freeze 15 new projects that I had been working on, including a petrochemical project in the free zone whose capital would come to 80 million pounds, until the government's policy regarding the private sector in the coming period became clear."

#### Why Have We Refrained Again?

Muhyi-al-Din Qandil, chairman of the Chamber of Machinery Industries and owner of a machine industry plant, takes roughly the same position regarding the July revolution and liberalization. However, he rejects the current distinction between the private sector and investment projects, and calls for equal treatment between them, in order that the private sector may be preserved. He says,

"After the nationalization measures, the private sector smuggled its money abroad, especially when the government established a monopoly on imports in the case of commodities and production accessories both, providing the private sector with limited shares of raw materials that did not meet its production requirements and causing it to refrain from manufacturing. Its contribution did not exceed 15 percent of total production. The private sector was also subjected to campaigns that cast doubts on its role, which further aggravated the aversion to investing. With the liberalization policy, the private sector felt secure and started to withdraw its capital from abroad and reinvest it in Egypt, especially since the facilities provided to it were rather encouraging and reassuring. However, one cannot deny that the private sector regained its aversion once again with the severe attack to which it has begun to be exposed. At one point people attack it for tax evasion, at another point for importing luxury goods, and at yet another point for the crimes of some deviant persons, on grounds that they are part of the private sector, failing to differentiate between deviant and honorable persons. Should a few deviant persons destroy a whole sector? What is the fault of the private sector, if it was the carelessness of officials that encouraged some deviant persons to carry out their designs?

"The rumors and stories that circulate because deviant people are identified with honorable persons threaten half a million taxpayers in Egypt, especially importers.

The importers of luxury and discretionary goods do not amount to more than 20 percent of the total importers in Egypt, so why should we make general accusations against everyone, without exception?"

Muhyi-al-Din Qandil went on to say:

"The industrial private sector in Egypt gets lower profits than in other countries, because we are an open market, subject to speculation and high customs fees on production accessories--which come to 27 percent, while fully manufactured commodities find their way in most easily through smuggling or customs exemptions. In addition, the industrial private sector suffers from high interest on loans, of up to 17 percent, which naturally takes up a large part of the investors' profits. You also have our problems with the Egyptian ports, which charge the highest rates of all the ports in the world for space and unloading; it takes about 25 pounds to unload a single ton, while ports in Europe take no more than \$10.

"The private sector also suffers from discrimination at its expense, which favors investment projects and joint and foreign capital, and a quick solution must be found for this. Why shouldn't the private industrial sector enjoy the benefits, exemptions and facilities foreign capital enjoys in Egypt?"

Mustafa Zaki, manager of research in the Chamber of Commerce, stresses the fact of recent private sector aversion to investment, stating:

"Bank deposits come to about 9 billion pounds; about 8 billion of this belongs to the private sector. This means that the private sector has a great capacity to increase, indeed double, its investments, but it has continued to refrain from investing because it does not feel secure, especially under the state of vigilance it has been facing since the economic conference and the talk about correcting the course of the economy. Its hesitancy and anxiety have increased with the recent Central Bank instructions suspending credit facilities for importers and producers of ready-made goods, whose course one cannot predict.

"The private sector's aversion may also be ascribed to the blows that were levelled against it following the investment laws, which gave tremendous benefits to investment projects which harmed the private sector. The example which is closest to hand is what happened with the spaghetti industry, where the government imposed prices of 13 piasters per kilogram on private sector output, while the price per kilogram for joint project output was set at 90 piasters."

Most of the bodies and factories we met with agreed that the Egyptian investor is averse to investing in production areas, although there are differences in views on the reasons for this aversion. We had to learn the views of representatives of the private sector and Egyptian investors on this "problem," or more properly this "charge" that has been directed against them. We met with Mr Sayyid Zaki, chairman of the Tradesmen's Cooperative Federation and vice chairman of the People's Assembly, who said:

"One cannot ignore that the Egyptian investor has started to refrain from productive investments. However, it would be unfair and capricious for us to consider

him guilty in this case. He is besieged by dozens of obstacles and problems which turn industrial investment into a gamble of uncertain consequences. How can the private sector be receptive to industrial projects in a climate where there is no clarity of vision regarding the areas where it will be permitted to invest and there are no economic policies based on sound planning--not to speak of rapid changes and contradictions in economic decrees, which confuse investors and makes them feel a lack of security?

"The Egyptian private sector realizes that current economic policies donot furnish adequate protection for growing domestic industries, whose production components are subject to high customs tariffs while imported final products are subjected to lower customs tariffs or are fully exempted from customs. The private industrial sector also suffers from the fact that it does not enjoy the same tax treatment as the private commercial sector, which is given tax benefits and provided with facilities and advantages that are not given to the productive sector. There also is discrimination in treatment between the public and private sectors in terms of the possibility for obtaining foreign currency requirements to cover imported production components, raw materials and spare parts. The government deals on the basis of a fixed exchange rate of 84 piasters to the dollar, whereas the rate of the dollar on the black market is much higher. That is, it offers the public sector a subsidy that comes to 25 percent of its free currency requirements. Add to that the inequality of opportunities open to the private and public sectors in obtaining raw materials or tax treatment. One must also review what are called 'luxury commodities' by setting forth real, clear standards for these commodities lest they cause public sector companies to deprive Egyptian investors, who want to produce new goods and services the consumer wants, as is happening now with the refrigerator industry, of opportunities.

"Ultimately one must put a limit to the problem of the price duplication that exists with many goods and services. This problem scares investors and increases their hesitancy to agree to make industrial investments, specifically, since the price system does not reflect the real costs of goods. Naturally the solution cannot be realized by giving prices free rein, but rather by tightening government surveillance over prices and establishing a technical agency which is competent to evaluate actual costs and set a reasonable profit margin which will be in keeping with the degree of risk."

'Izzat Ghaydan, chairman of the Chamber of Commerce, points out that the private sector continued to be prohibited from engaging in import activities for 18 years, up to 1973, when the parallel market for imports of factory and tradesmen's raw material requirements was established. After that there arose the system of importing without foreign currency transfers, which further encouraged the private commercial sector. However, we are suffering from instability in the laws and decrees issued unilaterally by the government, which does not consult with the two federations of the chambers of commerce and industry. This has helped disrupt and destabilize the market."

Dr Mamduh al-Sharqawi of the National Institute of Planning asserts that small industries can play a large export role because of their ability to change activities rapidly. He added "The industrial progress Japan has made may be ascribed to an

interest in small industries. In Egypt, you can provide large industrial installations in the foreign market with wholly manufactured parts used as components of final products at competitive prices if the parts are given proper attention. What happens is that the system of tradesmen plays an extremely modest role and the Industrial Development Bank, to which the stipulation is made that the volume of loans to small industries not be less than 25 percent of its total loans, while a maximum is not stipulated, nonetheless has preferred to commit itself to the minimum. In addition, these are short-term loans in local currency, while long-term loans in foreign currency are directed toward large industries which can obtain their requirements from other sources."

Dr Mamduh says, "Public sector dominance of industrial activity has resulted in some problems. For example, it has been given priority in obtaining its local and imported raw material requirements. In addition public sector companies supply the government sector's requirements at a profit margin that is 10 percent greater than that of the private sector, which has resulted in a narrowing of the scope of the local market."

Dr Ra'fat Shafiq, professor of industrial planning in the National Planning Institute, has a specific opinion on the obstacles obstructing the progress of the industrial private sector. These are represented by three axes, the Egyptian private sector, the joint and foreign investment sector and the private sector in the free zones. These sectors do not have a unified structure that would guarantee that they were integrated with one another. Each sector has been given numerous privileges, except for the Egyptian sector, and unequal conditions of competition have arisen from this which have harmed the Egyptian sector.

Dr Ra'fat Shafiq adds that the lack of a clear industrial development strategy has led to disturbances in the domestic industrial structure, which has led to further reliance on the outer world.

Dr Ra'fat gives warning of the policy some foreign countries pursue of inundating the market with low-priced goods in order to affect local production.

Some obstacles facing the private sector also arise from within, specifically from that part of the private sector which is engaged in imports and tries to control the productive sector by importing fully-manufactured goods, adding exorbitant prices to their costs and competing and conflicting with local products. The most serious situation arises when importers import poor production accessories at the expense of small producers, which results in very high-cost production which cannot prevail in an open market. This is obvious in the wood manufacturing area.

The government has been mindful of the industrial private sector's role, and thus has provided it with aid as embodied in the provision of production accessories the public sector produces at costs that are much lower than those of their imported equivalents. It has also made it easy for it to import some accessories by providing cash allocations and the system of importing without hard currency transfers, as well as apportioning part of the World Bank's loans at low interest

rates. It has also helped import renovation and substitution equipment through the Industrial Bank, which the World Bank provides with about 40 million pounds a year for this purpose.

Dr Ra'fat says, "The government, as embodied in the industrial public sector, must give attention to establishment of further industrial complexes in poor, remote areas so that the private sector can form units around them that will serve as supply industries and benefit from available facilities and services, which will not cost it additional investments."

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CSO: 4504/521



ARMY TO BECOME PRODUCTIVE BASE

Cairo THE EGYPTIAN GAZETTE in English 8 Sep 82 p 2

[Text] The Armed Forces Supply and Provisions Authority intends to proceed on the same lines adopted for the setting up of its own industries and contribute towards establishing a productive base for the country, Major General Ali Said Ahmed, Head of the Authority, stated.

In order to secure the sound participation of the Armed Forces in such a process they should first, achieve self-sufficiency for itself by their own possibility and spare the local market of their consumption burden. Secondly, it had to direct its excess energy to national civilian projects, he added.

With that end in view, he said, the armed forces established a unit for the production of 23 million eggs per annum, shortly to reach 60 million eggs and another 60 million egg project was being planned.

A poultry production station with a 20 ton meat production capacity per cycle had been established in addition to 12 meat production units with a projected capacity of 20 thousand heads of cattle to be bred by 1983.

Maj. General Ahmed pointed out that certain brands of cattle appropriate for milking have been raised and were currently yielding 200 tons of milk. A new milk production station with a 500 head capacity, together with a 13,000 ton cheese producing factory were also being planned.

The plan worked out by the Armed Forces, he said, included Armed Forces, he said, included among other things, the creation of fisheries in the Governorate of Kafr el Sheikh on an area of 600 feddans and the opening of four bakeries with a 3 million loaf capacity before the end of the year.

Furthermore, he added, ready made clothes production units for members of the armed forces and their families had been established and agreement had been reached with the railway Authority for the rectification, reparation and renovation of lines.

The Armed Forces, he said, also participated last year in removing 100,000 tons of accumulated foodstuffs and 800,000 tons of merchandise from the Alexandria harbour. GSS

OIL TRADE MARKS LARGE SURPLUS

Cairo THE EGYPTIAN GAZETTE in English 8 Sep 82 p 2

[Text] Egypt's petroleum trade has achieved a surplus totalling L.E. 1,026,000 million during the period from July to December 1981 with an increase of 4 percent over the same period of the previous year, an official economic source said.

In the said period petroleum exports totalled L.E. 1,261,000 million including L.E. 660,000 million crude exports, the source said.

Petroleum products imports stood at approximately L.E. 225,000 million against L.E. 174,000 million in the same period of the previous year with a 39 percent increase.

Solar constituted the bulk of imports to meet the increasing consumption.

Solar imports stood at L.E. 92,9000 million.

Meanwhile, total investments earmarked for the petroleum section during the first half of 1981-1982 stood at about L.E. 157,5000 million, including 109,7000 million in foreign currency.

These investments were distributed as follows: 27.1 percent L.E. 42.7 million including 32.4 foreign currency for the production and research sector, 51.1 percent (L.E. 80.4 million including 59.8 million in foreign currency) for refining and processing, 21.8 percent (L.E. 34.4 million including 17.5 million in foreign currency for the transport and distribution sector, the source added.--MEN.

CSO: 4500/308

TEAMS TO STUDY CIVIL SERVICE PERFORMANCE

Cairo THE EGYPTIAN GAZETTE in English 12 Sep 82 p 2

[Text] In conformity with the government's plan to promote performance in the government and public sector, the Central Agency for Organisation and Administration has started to implement a plan whereby the running of various government departments will be gauged for performance.

Nine working groups comprising 126 Agency experts, 13 university professors in administration and a number of directors, each to be entrusted with three departments, are to undertake an evaluation of the fiscal marketing and administrative policies of several government sectors starting with the Arab and Foreign Investment Authority, Cairo Public Transport, Insurance, Real Estate Registration, Customs, the Municipality, Cairo Airport Cargo lot, Cooperatives and the department for governmental cases.

The areas of study have been chosen according to the volume of beneficiaries, and to their direct contribution to the national economy. The Groups have been requested to follow guidelines in their evaluation to ensure that thorough examination is made of the effectiveness of services, work conditions, inspection of performance quality, pricing policy as well as the positive and negative aspects affecting the activity of department personnel.

Conclusions will be submitted to university professors for specialised advice.---GSS

CSO: 4500/308

EGYPT

NEW LAW ESTABLISHES MILITARY TECHNICAL ACADEMIES

Cairo AL-JARIDAH AL-RASMIYAH in Arabic No 31 5 Aug 82 pp 2143-53

[Law: "Law 122 for 1982 Issuing the Law Establishing Basic Military Technical Schools"]

[Text] In the name of the people:

The president:

The People's Assembly has approved the law whose text follows and we have issued it:

Article One. The provisions of the accompanying law on the establishment of basic military technical schools in the armed forces is to go into effect.

Article Two. The ministers of defense, education and finance must execute the provisions of the accompanying law in accordance with their respective areas of competence.

Article Three. This law will be published in AL-JARIDAH AL-RASMIYAH and will be in effect as of the date following the date on which it is published.

This law will be stamped by the seal of state and will be executed as one of its laws.

Issued by the Office of the President on 26 July 1982.

[Signed] Husni Mubarak.

Law Establishing Basic Military Technical Schools

Chapter One

On the establishment of the schools and the bodies to which they are subordinate.

Article One. Military technical schools to be given the name of basic military technical schools will be established in the Ministry of Defense. These will be aimed essentially at providing the armed forces and the agencies subordinate

to them with the technical personnel necessary to operate, maintain and repair military equipment in units, repair shops, and educational, technical and vocational installations in the armed forces, while preparing them culturally, physically, psychologically and militarily to work in the armed forces.

Article Two. These schools will be subordinate to the Ministry of Defense from the administrative, technical and military standpoints and will be subordinate to the Ministry of Education from the standpoints of culture and general education.

## Chapter Two

On the administration of the schools.

Article Three. Supervision of the organization and administration of the schools' activities will be assumed by a board of directors, to be called the Board of Directors of the Schools, which will consist of:

The chairman of the Armed Forces Technical Authority, as chairman.

An education director to be appointed by the authority of the Ministry of Education;

A vocational training administrative manager;

School directors;

School superintendents;

The assistant chief of the Armed Forces Training Authority (educational facilities);

The assistant chief of the Armed Forces Administration and Management Authority;

And the assistant chief of the Technical Training Authority, as members.

This board will meet at least twice during the academic year.

The board chairman may invite anyone it sees fit who possesses technical competence and expertise to attend the board's meetings, but we will not have a valid vote. Board meetings will be considered valid if two thirds of the members are in attendance and decrees will be issued by a majority of votes of the people present. If the votes are tied, preference will go to the side the chairman is on.

The minister of defense may, by his own decree, set allowances for attendance at this board's sessions, provided that they not exceed 25 pounds per session and the money a member receives for attending these sessions not exceed 500 pounds a year.

Article Four. The following will be in charge of the organization and management of each school:

The board of the school.

The director of the school.

The superintendent of the school.

Article Five. The school board will be composed of the following:

The director of the school.

A basic education representative from the education department in whose area the school is located, who will be chosen by the department.

The superintendent of the school.

The most senior teacher of military subjects in the school.

The chief of student affairs in the school.

The board chairmanship will devolve upon the director of the school. In the event he is absent, his place will be taken by the most senior military member.

Article Six. The boards of the schools will be in charge of setting out a general plan for admission to the schools, distributing students among the various fields of specialization required in the armed forces, and the general outlines of education. They may in particular:

A. Give agreement to the general policy of instruction in technical and military subjects which the board of each school sets out.

B. Determine the numbers of students who are subjects of the Arab Republic of Egypt who can be admitted to the school annually, the rules for their selection and the elements of preference.

C. Review the admission of students from fraternal and friendly countries according to the rules the minister of defense sets forth.

D. Set a date for the start and conclusion of studies, dates for unofficial vacations, and the numbers of hours of instruction in technical and military subjects.

E. Set out the basic rules for work schedules in each school while conducting coordination on that between the basic general education requirements, as the Ministry of Education stipulates them, and technical and military preparation requirements for the students in the schools.

F. Agree to the draft bylaws of the schools and all recommendations that they be amended.

G. Determine the basic rules for dealing with deficient students who have used up the allowed times for repeating courses.

H. Determine material and moral bonuses and incentives to be granted to students during their studies in such a way that the value of bonuses or incentives will not exceed the basic monthly salaries of volunteer privates.

Article Seven. The board of the school will be in charge of setting out an executive plan for administering the affairs of the school from the educational, technical, administrative and material standpoints. It may, in particular:

Set out the general plan for teaching technical and military subjects in the school. That will include courses in the technical and military educational curriculum, the allocation of coursework to the years of study in the school, the distribution of the numbers of hours to be allotted to each course, the subjects to be studied in each course, the conditions for passing courses in this curriculum and the rules for evaluating students and organizing their examinations.

Approve the results of examinations for promotion from one academic class to another.

Grant material and moral incentives and bonuses to exceptional students at all stages of study in the school, in a manner where the value of the bonus or incentive will not exceed the basic monthly salaries of volunteer privates.

Set out the general plan for the scientific, applied, cultural and professional fields and the general plan for directing students' directed hobbies, if these will enhance their fitness to serve in the armed forces in the future.

Recommend the bylaws for the school and the amendments related to them.

Article Eight. The minister of defense will appoint school directors from engineering officers at the rank of colonel or below.

Article Nine. The director of each school will take charge of administering its educational, administrative and financial affairs within the limits of the plan the Board of Directors of the Schools sets out and will represent it before other authorities. He will also be responsible for proper discipline in the school and the execution of bills bearing on one school and the decrees of the Board of Directors of the Schools. He may issue orders and instructions guaranteeing the proper course of work in the school and the performance of its mission. When he is absent, the most senior technical teacher in the school will act in his place.

Article 10. The directors of the school will have the authority of the chief of a department in imposing penalties on the civilian employees in the school and the powers of one department chief as contained in laws, decrees, financial bills and store and purchase bills.

Article 11. On the basis of a request by the minister of defense, the minister of education will appoint a superintendent of schools from among the basic education personnel. The school superintendent will be considered responsible for all basic education affairs and curricula. The instructors at that stage and the groups that assist them will be subordinate to him.

Article 12. Teachers from the Ministry of Education will teach basic education courses in the school, except in the two areas of athletic training and the practical courses the school system requires. Educational guidance with respect to the subjects in the basic educational curriculum in these schools will be the function of Ministry of Education guidance personnel.

Article 13. Ministry of Education teachers teaching in these schools will be granted a financial bonus for work assigned to them in excess of the teaching load their counterparts in basic educational schools are assigned.

The minister of defense will determine, by his own decree, the categories and rules bearing on the disbursement of this bonus, and the Ministry of Defense budget will defray it.

### Chapter Three

On conditions for admission to the schools.

Article 14. It is conditional that people admitted to the first year in these schools:

Have a sixth grade diploma in basic education (first cycle).

Pass admissions tests and a medical examination.

Be of Egyptian nationality and of two Egyptian parents.

Be of good conduct and deportment.

Not be older than 15 or younger than 11 on at the start of their studies. The minister of defense, by his own decree, may waive this condition in accordance with rules the executive bill stipulates.

Not have been dismissed from any of these schools in the past.

Have agreement from their guardians upon enrollment in these schools that they will volunteer for 5 years' service in the armed forces on graduating.

### Chapter Four

On the system of study in the schools and the appointment of graduates.

Article 15. The period of study in the schools will be 3 academic years.

Article 16. Study in these schools will include the following curricula:

A. Basic education curricula: these include general culture courses, in accordance with the organization of basic education studies in the Ministry of Education.

B. The technical and military education curriculum: this includes the technical and military courses which the Board of Directors of the Schools sets out.



Article 17. An examination will be held at the end of each academic year and students will be promoted to the next grade after passing it. A final examination will also be given to students in the third year in accordance with the Ministry of Education's system, on the dates stipulated by its authority, and a basic education diploma will be given after that.

The schools will give third year graduation examinations on technical and military subjects; after passing them, the students will be given a diploma of completion of military technical study.

Article 18. Attendance in the schools will be on a boarding basis, free of charge in the case of students possessing citizenship in the Arab Republic of Egypt. The minister of defense will stipulate the expenses to be paid by people who do not possess this citizenship, and he may stipulate exemptions from part or all of these expenses.

Payments not to exceed 15 pounds may be received for additional services performed for students as a deposit for the equipment and machinery they use in the school. The executive bill will spell out the rules on payment and exemption from payment of these.

Article 19. Graduates of these schools will be considered volunteers for service in the armed forces for a period of no less than 5 years at the rank of level one factory workers with gradual promotion. In the first year of their volunteer service, they will be put on probation. After that they may terminate their service in accordance with the conditions and rules the executive bill contain.

Article 20. It is permissible, on the basis of a request by the volunteers, to extend their volunteer service periods for additional periods to be stipulated in accordance with the contents of the executive bill and the conditions included therein.

Article 21. Upon completing their first period of volunteer service, volunteers may enroll in any courses inside or outside the armed forces whose conditions do not conflict with the nature of their work in the armed forces. The executive bill will regulate the rules and conditions for enrolling in these courses.

Article 22. Graduates of the schools will be granted the salaries and periodic and technical raises included in the accompanying table upon commencement of volunteer service in the armed forces.

Volunteers will also be given the allowances and compensations stipulated for honor guard officers, noncommissioned officers and soldiers in the armed forces in the service and promotion law. The executive bill will list the conditions and rules for the disbursement of these allowances and compensations.

Volunteers, on extending their volunteer service, will also be granted a financial bonus equal to a year's salary at the first level in the grade they have reached.

## Chapter Five

On disciplining and dismissing students.

Article 23. All violations of school bills, orders or instructions, in particular the following, will be considered offenses for which students are subjected to disciplinary punishment:

Acts detrimental to order in the school or absences without a reasonable excuse.

Acts detrimental to honor, dignity or good deportment and conduct inside and outside the school.

Committing acts detrimental to the good order of examinations in the school and cheating, or starting to cheat, on examinations.

Article 24. Penalties that may be imposed on students in the schools are:

Additional training, for a period not to exceed 2 days the first time.

Reduction of weekly or official leaves.

Deprivation of vacation for a period not to exceed 1 week in the first instance.

Deprivation of the encouragement bonuses stipulated in Paragraph H of Article Six, for a period of 1 month the first time.

The abovementioned penalties will be doubled in the event the violation is repeated.

Demotion in the student's grade to one or more lower grades.

Warning of final dismissal from the school.

Final dismissal from the school, in which case the student will be compelled to pay the school training and living costs for the years he spent in the school, or part of them.

It is not permissible to impose more than one penalty for a single violation at a time.

A supplementary penalty, deduction from good conduct grades, will be added to the abovementioned penalties in accordance with the rules stipulated by the executive bill. If a student loses 50 percent of his total good conduct grades in any academic year that will be considered tantamount to a warning of dismissal from the school, and he will be brought before the school council for a review of the issue of his dismissal.

Article 25. The power to impose the penalties listed in Article 24 will be as follows:

The superintendent of the school may impose the first four penalties.

The director of the school may impose the first six penalties.

The Board of Directors of the Schools may impose the penalty of final dismissal from school and will have jurisdiction over the consequences derived from that.

The director and superintendent of the school may delegate other officers in the school or its teachers to impose some or all the penalties he may impose, in accordance with the rules set forth by the board of the school in this regard.

Article 26. Students will be considered dismissed from the school in the following two cases:

If they fail to meet a condition for enrollment in the school.

If the board of the school determines that they are not fit to continue studies in accordance with the rules the Board of Directors of the Schools sets forth.

## Chapter Six

### General provisions.

Article 27. Students who spend the first period of volunteer service in armed forces service will be exempt from performing compulsory military and national service.

The period of study the student does not successfully complete will not be considered part of his compulsory military and national service period.

Article 28. It is permissible to accept the resignation of a student by decree of the director of the school, following agreement by the board of the school. He will be unfit for renewed enrollment in basic technical schools as a consequence.

The executive bill will organize the amounts that must be reclaimed from students who have resigned in order to cover the expenses made on their behalf during their studies, the method of paying them, and cases of exemption from making such payments.

Article 29. With attention to the provisions of Articles 82, 83 and 85 of the law on armed forces retirement, insurance and pensions issued by Law 90 for 1975, all students in basic technical schools who are injured or die as a result of training accidents will be treated as volunteer privates at high salary, in terms of additional pensions and insurance, injury compensation and compensation for death in combat.

Article 30. Students who are dismissed from basic technical schools or whose resignations are accepted may immediately enroll in the schools that have been stipulated for them by the Ministry of Education in accordance with the rules

in effect, at the same level as the academic grade in which they were enrolled in basic technical school, on condition that they have received a grade average in the examination for the diploma of the sixth basic education grade (first cycle) which will qualify them for admission in the first year in the school they are to join after being dismissed or having their resignation accepted.

Article 31. Military and civilian faculty members will be given financial bonuses not to exceed 30 percent of base monthly salary in exchange for additional work in the school. The executive bill will list the conditions and rules for granting this bonus.

Article 32. The minister of defense will issue a decree on the executive bill to this law in accordance with a request from the Board of Director of the Schools. This will include, in particular:

The system of work in the Board of Directors of the Schools. The system of work in the board of the school.

The conditions for enrollment in the schools and the rules for the selection of students.

Conditions and rules for granting bonuses.

#### Chapter Seven

#### Transitional provision.

Article 33. The Board of Directors of the Schools will be formed within 6 months of the date this law goes into effect; until the board is formed, the chairman of the Technical Authority of the armed forces will be in charge of all functions assigned to the board by this law.

Table Accompanying Law 122 for 1982 Issuing the Law Establishing the Basic Military Technical Schools, with respect to Salaries and Raises To Be Given Professional Graduates of These Schools

Grade	Service Period	Monthly Salary (Pounds)	Value of Periodic Raise	Value of Monthly Technical Raise
Level one factory worker with gradual promotion	From the first year of volunteer enlistment to the fifth year of the first enlistment period.	28	2	2
Level one factory worker	From the sixth year of the enlistment period to the 10th year after enlistment.	36	3	3
Skilled level one factory worker	From the 11th to 15th year after enlistment.	48	4	4

Precision level one factory worker	From the 16th year after enlistment to the 20th year after enlistment.	64	5	5
Excellent level one factory worker	From the 21st year to completion of service.	84	6	6

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CSO: 4504/484

PRIME MINISTER ISSUES DECREE REAPPORTIONING ALEXANDRIA DISTRICTS

Cairo AL-JARIDAH AL-RASMIYAH in Arabic No 32, 12 Aug 82 p 2231

[Decree: "Decree of the Prime Minister 767 for 1982"]

[Text] The prime minister:

Having read the constitution;

The law on local government issued by Law 43 for 1979 and amended by Law 50 for 1981;

And the agreement by the local people's assembly of the Governorate of Alexandria at the session of 24 March 1982:

Has decreed:

Article One. The Governorate of Alexandria will be broken down into six quarters:

1. The al-Muntazah quarter: this will include the precinct of al-Muntazah, the Subdistrict of Abu Qir, and Abis Villages 2, 7, 8, 9 and 10.
2. The Eastern Quarter: this will include the al-Raml Precinct and the Sidi Jabir Precinct.
3. The Central Quarter: this will include the Bab Sharqi Precinct, the Muharram Bey Precinct and the al-'Attarin Precinct.
4. The al-Jumruk Quarter: this includes the al-Jumruk Precinct, the al-Manshiyah Precinct, the al-Labban Precinct and the Port Precinct.
5. The Western Quarter: this includes the Mina'-al-Basal Precinct and the Kar-muz Precinct.
6. The al-'Amiriyah Quarter: this includes the al-Dukhaylah Precinct and the al-'Amiriyah Precinct.

Article Two. This decree will be published in AL-JARIDAH AL-RASMIYAH.

Issued by the Office of the Prime Minister 2 August 1982.

[Signed] Dr Fu'ad Muhyi-al-Din.

UNIVERSITY HEADS OPPOSE CUT IN MEDICAL SCHOOL ENROLLMENT

Cairo AL-AKHBAR in Arabic 31 Jul 82 p 10

[Article by Rabi' al-Shaykh: "Heads of the Universities Say: 'No, Minister of Health, We Will Not Lower the Number of Students in the College of Medicine This Year'"]

[Text] In an important report submitted to the Higher Council for Universities, Minister of Health Sabri Zaki called for a reduction in the number of students admitted to the colleges of medicine, pharmacy, and dentistry by 50 percent over the next 5 years--an average of 10 percent per year.

The report said that there are 56,000 doctors currently registered in the doctor's union. This includes approximately 21,000 doctors who are on loan or on pension. Some 25,000 doctors are expected to graduate over the next 6 years. Based on these estimates, the Minister of Health asked that admissions to colleges of human medicine be limited to 2,000 students per year for a period of 5 years.

With regard to pharmacology, there are approximately 18,000 registered pharmacists at present and about 6,000 more are expected to graduate during the next 5 years. In the light of these facts, the report calls for limitation of admissions to the colleges of pharmacy to 600 students annually for a period of 5 years.

In the field of dentistry, there are presently 7,814 registered dentists and approximately 5,000 dentists are expected to graduate during the next 5 years. It is proposed that the number of students admitted be limited to 400 per year.

These were the requests made by the Minister of Health. But what is the opinion of the presidents of the universities?

Dr Hasan Hamdi, president of the University of Cairo and Chairman of the Medical Education Sector Committee of the Higher Council of Universities, was astonished at the request of Health Minister Dr Sabri Zaki. He said: "I don't know which one to believe now. Should I believe the former minister of health who was in the ministry just about 6 months ago and

asked us to keep admissions to medical colleges at their current level and not reduce them, or should I believe the current minister who is asking us to reduce the number by 50 percent all at once without showing us any basis for this reduction?

"Did he make this request based on a studied plan indicating the number of hospitals that have already been built during this period, the number of families, the number of doctors that will be needed, what their specialties should be, and how many pharmacists he wants? Otherwise he isn't using the scientific method in determining the future of the university in Egypt. I would not have expected the minister of health to rely merely on figures recorded by the union. Moreover, he has not told me how to fill the gap in osteopathy departments, which have a shortage of 150 doctors, in anesthesiology specialties, which have a shortage of 400 doctors, or in ophthalmology, which has a shortage of 500 doctors. But if he submits studies that are not evaluated on any scientific basis, we will not accept them."

#### I Will Oppose the Reduction

Dr Mustafa Bahjat 'Abd-al-Mit'al, president of the University of al-Minufiyah, said the following:

"Aside from any unsound study such as that prepared by the minister of health, the fact is that the need is not for Egypt only. All the other Arab states are in need of Egyptian doctors. All of Africa is in need of Egyptian doctors. Moreover, the rural area of Egypt suffer from a lack of medical service and everyone who graduates from the colleges of medicine wants to live in Cairo. We will not be able to check the exorbitant doctors; fees that now exists in Egypt except by increasing the number of graduates from the colleges of medicine. It is to the point now that anyone who runs a fever has to sell his furniture to pay for treatment.

"I will oppose any request calling for an increase in the number of individuals admitted to the colleges of medicine this year by the Higher Council of Universities."

Dr 'Abd-al-Majid 'Uthman, president of Suez Canal University, said: "In my opinion, the issue is not one of reducing numbers as the minister of health is requesting. Rather, our main concern must be to increase the standard and quality of the graduates of the colleges of medicine. This might require a reduction in numbers. But if the reduction is just for the sake of reducing numbers without any concern for the standards, we will not have accomplished anything. I will oppose any trend toward reduction on the part of the Higher Council if it is merely for the sake of reduction."

Dr Isma'il 'Alam-al-Din, president of the University of Hulwan, concluded the discussion with these remarks: "We need to prepare intensive studies after thinking about such matters and the man-sided issue. There is rural Egypt, which is badly in need of doctors. There are the dentists, most of whom are from the women and refuse to go to the rural areas."



Dr Muhammad al-Jabali, vice-president of the University of Asyut, rejected the call for a reduction in numbers contained in the minister of health's report. He said: "I will oppose it with the Higher Council as strongly as I can because it is not the solution. The real solution is to provide the equipment, laboratories, supplies, and hospitals needed by the colleges of medicine so that excellent doctors can be produced. The reduction would be a complete disaster, not the solution as some imagine."

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CSO: 4504/449

# DISTRIBUTION OF UNIVERSITY STUDENTS

Cairo AL-AHRAM in Arabic 4 Aug 82 p 6

[Article by Labib al-Saba'i: "Distribution of 86,000 Students Among 185 Colleges in 11 Universities"]

[Text] The Higher Council of Universities completed the determination of the most important indicators of this year's university admissions yesterday, namely, the numbers of students to be admitted to all the various universities and colleges. This process involved the distribution of 86,000 students among the colleges of 11 universities in Egypt and forms the basis for specification of the minimum level for admission in each of these colleges.

Minister of Education Dr Mustafa Kamal Hilmi announced that this year for the first time, the figures reveal that the colleges of al-Zagazig Regional University will have the greatest number of students admitted with over 14,305 students. This university is followed in order by the University of Alexandria, 'Ayn Shams, and Cairo.

Some 12,120 students will be admitted to the University of Cairo including 4,735 students in the field of arts, 4,735 students in the sciences, and 2,650 students in mathematics. The University of Alexandria will admit 12,355 students including 5,195 in the arts, 4,410 in the sciences, and 2,750 in mathematics. The University of Asyut will admit 8,280 students including 2,020 in the arts, 4,130 in the sciences, and 2,130 in mathematics. The University of Tanta will admit 6,700 students including 2,455 in the arts, 3,040 in the sciences, and 1,205 in mathematics. The University of al-Mansurah will admit 7,150 students including 2,850 in the arts, 2,350 in the sciences, and 1,950 in mathematics. The University of al-Zagazig will admit 14,305 students including 4,985 in the arts, 5,485 in the sciences, and 3,835 in mathematics. The University of Hulwan will admit 5,230 students including 985 in the arts, 2,125 in the sciences and 2,120 in mathematics. The University of al-Minya will admit 2,470 students including 940 in the arts, 815 in the sciences, and 715 in mathematics. The University of al-Minufiyah will admit 3,050 students including 650 in the arts, 1,100 in the sciences, and 1,300 in mathematics. The University of the Suez Canal will admit 1,925 students including 325 in the arts, 700 in the sciences, and 900 in mathematics.

Dr 'Izzat Khayri, general secretary of the Higher Council of Universities, stated that the admitted students were distributed among the colleges on the basis of the admission of 10,370 students in 10 colleges of the arts, including 7,260 in the arts, 1,780 in the sciences, and 1,330 in mathematics. The total includes 7,790 regular students and 2,580 affiliated students consisting of 1,000 in the University of Cairo, 3,050 in Alexandria, 2,010 in 'Ayn Shams, 520 in Asyut, 600 in Tanta, 900 in al-Mansurah, 1300 in al-Zagazig, 700 in al-Minya, 180 in Qina, and 110 in Banha.

The colleges of law will admit 12,180 students including 1,075 in Cairo, 3,130 in Alexandria, 1,700 in 'Ayn Shams, 1,075 in Asyut, 1,325 in Tanta, 1,800 in al-Mansurah, 1,725 in al-Zagazig, and 350 in Bani Suwayf.

The colleges of business will admit 21,235 students including 1,600 in Cairo, 1,720 in Alexandria, 2,600 in 'Ayn Shams, 1,660 in Asyut, 1,930 in Tanta, 1,750 in al-Mansurah, 3,025 in al-Zagazig, 1,275 in Hulwan, 900 in al-Minufiyah, 575 in Suez Canal, 1,000 in Bani Suwayf, 125 in Sawhaj, 3,000 in Banha, and 750 in the postal service field.

The colleges of science will admit 4,600 students including 550 in Cairo, 650 in Alexandria, 650 in 'Ayn Shams, 350 in Asyut, 400 in Tanta, 450 in al-Mansurah, 400 in al-Zagazig, 300 in al-Minya, 100 in al-Minufiyah, 200 in Suez Canal, 200 in Sawhaj, 150 in Qina, 150 in Aswan, and 50 in Banha.

#### 4,170 Students in 18 Colleges of Medicine, Dentistry, and Pharmacy

The colleges of medicine will admit 3,050 students including 600 in Cairo, 625 in Alexandria, 600 in 'Ayn Shams, 350 in Asyut, 275 in Tanta, 250 in al-Mansurah, and 300 in al-Zagazig.

The colleges of dentistry will admit 370 students including 120 in Cairo, 100 in Alexandria, 100 in Tanta, and 50 in al-Mansurah.

The colleges of pharmacy will admit 750 students including 150 in Cairo, 100 in Alexandria, 100 in Asyut, 80 in Tanta, 100 in al-Mansurah, and 220 in al-Zagazig.

The colleges of education will admit 12,030 students including 550 in Cairo, 1,100 in Alexandria, 1,500 in 'Ayn Shams, 920 in Asyut, 910 in Tanta, 700 in al-Mansurah, 1,150 in al-Zagazig, 250 in Hulwan, 650 in al-Minya, 700 in al-Minufiyah, 450 in Suez Canal, 100 in al-'Arish, 100 in Suez, 500 in Sawhaj, 550 in Kafr al-Shaykh, 550 in Dumyat, 600 in Banha, 350 in Damanhur, 150 in Qina, and 300 in Aswan.

#### Top Colleges Admit Limited Numbers

The top colleges, which are unequalled among the rest of the universities, will admit limited numbers of students. The numbers admitted will be 200 in the applied arts, 415 in the fine arts, 200 in technical education, 125 in music education, 1,360 in mathematics education, 450 in social service. Of the 1,550 female students admitted: 240 in home economics,

175 in economics and political science, 250 in archeology, 300 in the sciences, 150 in tourism and hotels, 390 in nursing, and 50 in physical therapy. The 390 nursing students will include 150 in Cairo, 130 in Alexandria, 80 in 'Ayn Shams, and 30 in Tanta.

#### 1,025 Students in Six Colleges of Veterinary Medicine

The colleges of veterinary medicine will admit 1,025 students including 150 in Cairo, 50 in Alexandria, 150 in Asyut, 375 in al-Zagazig, 50 in Bani Suwayf, and 50 in Banha.

The college of Dar al-'Ulum will admit 2,400 students. The colleges of agriculture will admit 5,600 students including 450 in Cairo, 500 in Alexandria, 600 in 'Ayn Shams, 550 in Asyut, 500 in Tanta, 200 in al-Mansurah, 800 in al-Zagazig, 200 in Hulwan, 300 in al-Minya, 600 in al-Minufiyah, 200 in Suez Canal, 250 in al-Fayyum, and 450 in Mushtahir.

The colleges of engineering will admit 5,950 students including 750 in Cairo, 850 in Alexandria, 600 in 'Ayn Shams, 600 in Asyut, 400 in al-Mansurah, 400 in al-Zagazig, 200 in Shabra, 400 in al-Minya, 475 in Shihin al-Kawn, 275 in Minuf, 425 in al-Matariyah, 250 in petroleum and mining in Suez, and 50 in developmental planning.

Immediately upon approval of these numbers yesterday, the Office of Coordination of Admissions to the Universities and Institutes began entering them into the computer at the University of Cairo in which the records of all students who successfully completed public secondary are stored. It will begin tomorrow to enter the admission choices of the students. Based on this and the admission figures decided on for each college, the minimum level for admission to the colleges of the universities this year will be determined.

Based on the number of students to be admitted and the grade averages of the students for this year, it is expected that this year's minimum for acceptance in the colleges of the universities will be about the same as last year for students in the arts and sciences. However, it was expected that the minimum admission level for mathematics students would be increased this year over that of last year because the council has decided to raise the number of students admitted to 22,000 versus 20,000 last year in order to equalize opportunities between students in sciences and students in mathematics.

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## UNIVERSITY ENROLLMENT PROJECTED

Cairo AL-AHRAM in Arabic 31 Jul 82 p 3

[Article by Labib al-Saba'i: "The Road to the University"]

[Text] With the end of the events of public secondary school and the passing of the anxiety experienced by 230,000 families in Egypt, another phase of anxiety, waiting, and apprehension is set to begin. Outside the doors of the Office of Coordination, students who have passed the exam ask themselves: Will we find a place in the university? After 48 hours, the Office of Coordination begins receiving students in the first phase. At the same time, the Higher Council of Universities holds a private meeting to determine the number of students who will be admitted to each college of the universities. A state of emergency begins within the office responsible for accepting 143,550 students in all of Egypt's universities and institutes from Alexandria to Aswan!

In response to the investigations of AL-AHRAM, coordination and admission experts in Egypt provide all this year's coordination indicators. They specify the opportunities available for university study for every student who has passed the bottleneck!

Fawzi 'Abd-al'Zahir, first undersecretary of the Ministry of Higher Education and general director of the Office of Coordination, said that the determination of the college into which a student will be admitted depends on several indicators. The first of these is the grade average of the student and the total number of students with the same average or higher averages. A second factor is the number of students slated for admission to each college. A third factor is the governorate in which the student received his public secondary diploma in accordance with the rules of geographical and regional admission. Each college will specify the number of students and inform the Coordination Office during the coming 2 days.

The indicators of admission according to grade level indicate that the level of student averages for this year is substantially the same as for last year. In the sciences, 3,989 students attained averages of 80 percent or above as opposed to 4,250 students who attained the same average last year. Some 5,269 students attained averages of 70 percent or above versus 5,538 last

year. Some 6,856 students had averages of 65 percent or above versus 6,991 last year. Some 9,598 students received averages of 55 percent or above versus 9,678 last year. Some 11,529 students attained averages between 50 and 55 percent versus 11,204 students last year.

In the field of mathematics, 2,229 students attained 80 percent this year versus 2,070 students last year; 5,348 students attained 65 percent versus 4,736 last year; 6,798 students attained 55 percent versus 6,262 students last year; 7,639 students attained 50 percent versus 7,597 students last year.

In the arts, 235 students attained 85 percent as opposed to 214 last year; 1,826 students attained 75 percent versus 1,635 last year; 9,766 students attained 60 percent versus 8,481 last year.

It is anticipated that some 92,000 students will be admitted to the various colleges of the universities this year while another 40,000 students are expected to be admitted to all types of institutes. This means that all candidates who have passed the public secondary exam will have places in either the universities or the institutes this year.

According to Jamal al-Jawhari, director of the Office of Coordination, admission will take place in four phases during which the office will receive the papers of students who have passed the exam according to the overall grade average specified for each phase. Admission in the fourth and final phase will include those individuals who have attained 50 percent in the science and literature sections. The admission papers will be issued to the students upon payment of 2 pounds. The office will appoint committees to receive the papers distributed according to the student's grade average including special level grades if present. The office has specified eight categories for which papers will be accepted according to the grade average specified for each phase starting with the first phase and continuing with the subsequent phases in turn. These categories are as follows: students who have obtained equivalency public secondary diplomas; working students; children, siblings, and wives of non-military martyrs; children of university faculty members; children of university workers; individuals from the remote areas including Matruh, Sinai, al-Wadi al-Jadid, al-Wahat al-Bahriyah, the Red Sea, and Wadi al-Natrun; armed forces exemptees; children of employees of the Ministry of Higher Education; and two other groups, children of educators and superior athletes, whose papers will be accepted beginning with the second phase within the grade average specified for that phase.

#### Admission Handbook to Each Student

Deputy Director of Coordination 'Abd-al-Sami' Qandil added: "With his papers, each student will be issued a handbook containing all the rules of admission of the universities and institutes. Each student is advised to study the series of options and choices with his family because he will not be permitted to change these choices after the admission results are announced whatever group the student is in. Each student will be issued only one series of choice stamps. The student will be required to record 32 choices

on the selection card except for students in the first phase who will be allowed 20 choices only."

Based on public secondary indicators this year and the numbers of students expected to be admitted to the colleges of the universities, it is anticipated that the minimum admission level for the colleges of the universities will be about the same as last year within 1 percent. Therefore, the student must keep this in mind when writing his choices. For example, a student who scored 75 percent might decide to use up all his choices by specifying colleges of medicine despite the fact that he does not have the slightest chance of being admitted to one of these colleges based on the admission indicators. The minimum level for admission in the college of economics and political science last year was 88 percent in literature, 83 percent in the sciences, 80 percent in languages, and 53 percent in business. With regard to students in mathematics, the minimum level for admission in the colleges of engineering was 72 percent. In the sciences, the minimum level for admission was 86 percent in the colleges of medicine, 84 percent in the colleges of dentistry, and 84.5 percent in the colleges of pharmacy.

If this year's grade percentages and numbers of students admitted to the colleges of the universities are close to last year's, the admission indicators also confirm that this year's minimum level for admission will be close to that of last year. The expected admission figures for the various colleges are as follows: 12,000 in the colleges of arts, 13,000 in the colleges of law, 21,000 in the colleges of business, 55,000 in the colleges of science, 3,000 in the colleges of medicine, 550 in the colleges of dentistry, 1,100 in the colleges of pharmacy, 1,200 in the veterinary colleges, 6,500 in the colleges of engineering, and 12,000 in the colleges of education.

#### Admission of All Who Passed

The assistant director of coordination specified the papers that the student must prepare for submission during the first days of admission. These are the admission application; the white form indicating that the student has received the public secondary diploma (no other document may be substituted for this form); a birth certificate or official copy of the same; six photographs; the card indicating nomination for admission; the choice ranking card; and the examination card for the appropriate phase and qualification. The latter two cards, contain the students choices in order of preference and are to be signed by the student. The employed student must submit a certificate of approval from the agency in which he works giving him permission to enroll in a course of study. The exempted student must furnish a certificate indicating his exempted status.

The director of coordination added that all 143,550 students who passed will be accommodated this year and will be admitted to 236 colleges and institutes. Some 48 of these colleges admit only students in the sciences. These are the colleges of medicine, dentistry, pharmacy, agriculture, agricultural sciences, veterinary medicine, sciences of plants (biological and chemical), nursing, physical therapy, cotton, botany, home economics,

and education (natural history, physics, and chemistry). An additional 27 colleges and institutes admit students solely in the area of mathematics. These include colleges of engineering, engineering and technology, electronics engineering, mining, petroleum, sciences and plants (natural sciences group and chemistry group), education (mathematics, physics and chemistry), the institute of development planning, and the industrial technology institutes. Some 28 colleges and institutes admit students in the science section under both sciences and mathematics. These include the colleges of fine arts (architectural department), the applied arts, home economics, and sciences, and technical institutes for telephone, textiles, and irrigation. Some 132 colleges accept successful applicants in both the arts and sciences. These include colleges of economics, political science, literature, law, business, business and administrative science, business and administration, postal service, fine arts, arts and art teaching, music, mathematics, social service, archeology, information, languages, Dar al-'Ulum [college in Cairo], and colleges of tourism and hotels.

A decision has been made to admit students to the colleges of law without requiring the student to have studied French in secondary school. However, Jamal al-Jawhiri adds that in this case the student must take an examination in this language before graduation. As a condition for acceptance in the college of languages, each student must have attained at least 60 percent of the maximum for each of his three languages, namely, Arabic and two foreign languages. Admission to the college of tourism and hotels will be granted after the student passes the special examinations given to applicants by the college. To take these tests a student must attain at least 60 percent of the overall public secondary grade average and 70 percent in the first foreign language.

The director of coordination said that the student must abide by the rules concerning geographic and regional admission so as not to miss the opportunity for admission to the college he desires to attend. It has been decided not to allow the transfer of a student admitted to a certain college in accordance with the rules of regional admission to another similar college unless it is shown that his legal guardian has moved to another governorate.

Lastly, the director of coordination advised each student not to be hasty in preparing his choices or even in presenting his papers to the Office of Coordination or one of its branches. He said it is up to each student to abide by the requirement that he submit his papers in the admission phase dictated by his grade average.

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IRAN

REPORT ON TEHRAN 1 OCTOBER BOMBING

GF021824 (Clandestine) Free Voice of Iran in Persian to Iran 1500 GMT 2 Oct 82

[Excerpts] The regime of Khomeyni has again resorted to another criminal action and, by exploding a bomb on Naser Khosrow Avenue and murdering innocent people, pretended that the regime's opposition was responsible for the act. The gathering of a hezbollahi group at the scene of the incident immediately after the incident and the subsequent demonstration shows that the secret organizations of the ruling regime attempted to explode the bomb in Tehran's city center--at one of the busiest parts of the city--in order to divert the public opinion from their latest defeat in attacking Iraqi forces. The radio of Khomeyni's regime claimed that Mojahedin-e Khalq [MKO] were responsible for the incident. An MKO spokesman categorically denied this claim and attributed the latest bomb explosion by the regime to an attempt to soil the justice-seeking struggle of the regime's opposition. Sometime ago, a secret document from Khomeyni's Foreign Ministry was given to the members of the interparliamentary union in Rome which gave advice on setting up a series of explosions in Tehran and several other cities in order to justify the execution verdicts issued against the regime's opposition.

The Free Voice of Iran condemns this criminal act of the rulers of Khomeyni's regime, who attach no value to human life, and warns the dear compatriots to recognize the culprits of this crime and note that the explosion of 150 kg of TNT is not possible except through the guards or the officials of the regime of mullahs. This is because the regime of Khomeyni, in order to justify its harshness against the risen Iranian nation and those opposing the mullahs regime of terror and terrorism, resorts to any criminal action. The bomb explosion in Tehran's busy center and the murder of an innocent group of people is only possible by the hands of those who set Abadan's Rex cinema on fire and burned the customers within. They received various posts in Khomeyni's regime as payment in gratitude for this barbaric crime. The aim of Khomeyni's regime is to divert the attention of Iranian people from the defeat in the [latest] attack against Iraq and by creating a psychological war against the opposition, intensify its harsh measures and increase its executions.

CSO: 4600/21

FARS' TRIBES THREAT TO REGIME DISCUSSED

GF011747 (Clandestine) Free Voice of Iran in Persian to Iran 1500 GMT 1 Oct 82

[Text] According to the Free Voice of Iran reporter, Musavi, the Khomeyni regime's prime minister, who had visited Yasuj to allay the unrest and tension among the valiant tribes of Iran, was unable to visit the areas controlled by the Qashqa'i tribes.

The Qashqa'i and Bakhtiari tribes who have equipped themselves with light firearms, have warned Khomeyni's regime that if he has intentions of attacking the tribal area, he will encounter the crushing fire of the armed Bakhtiari and Qashqa'i tribes. Ever since the advent of the Islamic Republic's regime, the condition of the (?backward) areas of the country has deteriorated and the discrepancies in the distribution of public necessities in the tribal areas has aroused the anger of the residents of the tribal areas in Kohkiluyeh Va Boyer Ahmad.

The Free Voice of Iran correspondent adds: For the past 3 years, poverty and unemployment has greatly increased in Kohkiluyeh Va Boyer Ahmad and Chahar Mahal Bakhtiari and as a result of the arrest of some of the tribal leaders of the Bakhtiari and Qashqa'i tribes and the indifference of the Khomeyni regime authorities toward the deprived tribal areas, the tribal forces are now poised for an extensive armed conflict with the government authorities in Kohkiluyeh Va Boyer Ahmad and Chahar Mahal Bakhtiari. During the visit of the Khomeyni regime's prime minister to Yasuj and Chahar Mahal Bakhtiari, the ways and means of quelling the armed combatant tribes were reviewed. The local authorities admitted that they were unable to fight the tribes. At present, the important tribal centers of Kohkiluyeh Va Boyer Ahmad and Fars are in control of the local people and the Qashqa'i tribes. Our correspondent says: The utterances of Mir Hoseyn Musavi, the prime minister of the Khomeyni regime, regarding the severe shortages and deficiencies in Chahar Mahal Bakhtiari and Kohkiluyeh Va Boyer Ahmad, indicates that the wave of indignation and discontent in these two provinces has, more than anywhere else, caused increasing anxiety among the authorities of the Khomeyni regime. Mir Hoseyn Musavi has blamed the backwardness of this province on the former regime and did not say what steps had been taken for its welfare during the 4 years that have passed since the establishment of the accursed Khomeyni regime.

The prime minister of the illegal Khomeyni regime said: If the whole world conspires against us, we are capable of resisting. It may be recalled that before the Khomeyni regime came to power, the people of the provinces of Kohkiluyeh Va Boyer Ahmad, Chahar Mahal Bakhtiari and all other districts of Iran enjoyed many facilities, security and did not have to suffer the present shortages that they now suffer.

CSO: 4600/21

IRAN

TEHRAN FRIDAY IMAM ON MIDEAST, DOMESTIC ISSUES

GF021758 Tehran IRNA in English 1600 GMT 2 Oct 82

[Text] Tehran, 1 Oct (IRNA)--In his criticism of the moderate Arab governments of the region for their submissive policies towards the United States and the regime occupying Qods [Jerusalem], the temporary Friday prayers leader of Tehran, Ayatollah Musavi today echoed the words of President Khamene'i in which he had called on the Arab governments to impose sanctions against the United States.

He said the hands of Washington and the regime occupying Qods were behind the bloody incidents in Lebanon.

He described Philip Habib as a "broker" coordinating the plots "of the people who were in Fes," while apparently offering sympathetic words about the recent massacre of Palestinian civilians in Lebanon.

The ayatollah who was talking to thousands of worshipers minutes before officiating the Friday mass prayers in Tehran said elsewhere in his speech to his audience here that today the Baghdad regime was not as strong as the day it started the war with Iran. He said this was true despite the enormous amount of aid extended to Saddam Husayn by some of the reactionary governments of the region. He noted that in contrast, today, the Islamic Republic of Iran is much stronger than it was on the first day of the imposed war.

Touching on the local issues, the ayatollah reminded the people that the judicial laws of the country were being reviewed and rewritten in keeping with the canonical laws of Islam and in response to a recent order from Imam Khomeyni for the Islamization of the justice system in Iran.

Talking elsewhere about the present justice system in the country and the scrupulous justices, he reminded that all cases involving the death sentence of the convicts (?are normally) reviewed four to six times by different judges which is entirely unique in the world.

He said when such a sentence is voted against by any one of the reviewers, then the case would be reviewed by as many as forty or even more experts of the canonical laws in order to reach a final decision.

Touching also on the issue of attracting to the country the Iranian graduates now living abroad, he expressed hope that people would be assigned to tasks and positions on the basis of their individual merits rather than their association with this or that clique, which is "the first step of corruption within the system of the Islamic Republic."

MAJLIS SPEAKER ON REOPENING UNIVERSITIES

GF021932 Tehran JOMHURI-YE ESLAMI in Persian 23 Sep 82 p 12

[Report on "exclusive" interview with Iranian Majlis speaker Hashemi-Rafsanjani by JOMHURI-YE ESLAMI correspondent--date not given]

[Excerpt] Our correspondent asked Mr Hashemi-Rafsanjani his views on the opening of the universities and higher institutions of learning and he answered:

We should not waste even a day in the opening of the universities. Every single day delaying the opening is a great loss. At present, the forces that should be engaged in the pursuit of knowledge are waiting and cannot plan anything. They cannot even participate in the activities of the revolutionary organizations because they are waiting for an announcement that they should attend their classes.

Those who are responsible and procrastinate in this regard are committing a sin; they should complete this task as soon as possible. We should gradually start to invest in the field of higher studies.

Our country is deficient in higher education and research. Our youths are brimming with potential and it is now time and the atmosphere is just right for education, especially after the victories and the consolidation of the Islamic Republic and the elimination of difficulties that hinder the children's education. Therefore, we should not delay this any longer.

Our correspondent asked the Majlis president why he did not warn the organizations concerned with the problems of the universities and Mr Hashemi-Rafsanjani added:

They have been warned. The imam has decreed it so and has often mentioned that they should be opened as soon as possible. But we think that if we apply greater pressure, they might act in haste and take some steps that might prove to be undesirable. I think that at present the responsible parties are unhappy with the delay and this is in itself a warning. This means that the universities should open as soon as possible and the reminders that we issue to them from time to time are sufficient. But the people should know that at present we are not waiting for anything in particular regarding the opening of the universities.

CSO: 4600/21

MANPOWER REHABILITATION COMMITTEES HOLD SEMINAR

Tehran KEYHAN in Persian 19 Sep 82 p 3

[Speech by Deputy Prime Minister Jasebi]

[Text] Orumiyeh, KEYHAN correspondent--A seminar of committee to rehabilitate the government departments of West Azarbaijan was held last Thursday in Orumiyeh with the participation of Deputy Prime Minister Jasebi, chief of coordinating the committees to rehabilitate the country's manpower; Governor General Sheykh 'Attar; Hojjat ol-Eslam Hasani, the Friday Imam; and governors and chiefs of provincial administrative organizations.

The deputy prime minister commented in this seminar on reorganizing government departments manpower and stressed the urgency of purging administrative organizations of corruption and counterrevolutionary elements, subversives, and dissidents, stating: "The work of the judges is a very sensitive matter and, therefore, a lot of care and study are required to prevent going to extremes and not jeopardizing the reputation of individuals."

He called on the rehabilitation committees to maintain impartiality in issuing judgments and careful study of the rehabilitation law; and, in another part of his speech explaining the activities of the rehabilitations committees on the national level, stated: "So far, more than 200 investigative committees and groups have been formed and 2,000 judgments have been issued on manpower rehabilitation."

Then, Hojjat ol-Eslam Hasani also spoke on the needs to purge the area, revolutionary organs and bodies, and administrative organizations.

Also in his speech, while praising the heroic operations of the Hamzeh-ye Seyyed ol-Shohada Base in mopping up the area, he described the crimes of the Democrat and Komeleh groups.

CSO: 4640/8

BRIEFS

MINIGROUPS ARRESTED--During the past week three elements of the impious and wayer Peykar minigroup, four active members of the terrorist hypocrite [Mojahedin-e Khalq] minigroup and one member of impious minigroup of the Communist Union minigroup were arrested by the Tabriz Islamic Revolution Guards. One of the active followers of the impious and wayer Ashraf Dehqan minigroup who was under surveillance for sometime was identified and arrested by the Langarud Islamic Revolution Guards. He was an employee of the education department of Abhar District in Zanjan. Also another member of the terroristic hypocrite minigroup was arrested by the Sume'eh Sara Islamic Revolution Guards. [Text] [GF020932 Tehran ETTELA'AT in Persian 14 Sep 82 p 9]

OFFICIAL MEETS MONTAZERI--Yesterday afternoon, Mr Mohaqqueq Damad, the president of the national investigation organization, met Ayatollah Montazeri in Qom. In this meeting, the president of the national investigation organization submitted reports on the activities and functions of this organization. Then, Ayatollah Montazeri referring to the problems that stem from the shortage of active and skilled manpower, said: For the time being it is right to use the dedicated people who are the supporters of the Islamic Revolution and are not willing to participate in slowdowns, even though they might have committed minor errors in the past. In relation to this, Ayatollah Montazeri said: even though investigations should be conducted thoroughly and completely, an effort should be made not to hurt the dignity and repute of people through haste. This would alienate people against the Islamic Revolution and cause them to become inclined toward counterrevolution. [Text] [GF011752 Tehran Domestic Service in Persian 0430 GMT 29 Sep 82]

STUDENT DETENTION--Bonn, 30 Sep (IRNA)--The issue of the 83 Iranian Muslim students being kept in custody in the Federal Republic of Germany for more than five months was discussed in a meeting between the head of the legal committee of the Islamic Consultative Assembly, Hoj. Mohammad Khamene'i, and the German high ranking officials. In this meeting which was also attended by the Iranian ambassador to Germany, Mahdi Navab, a good progress was made in the issue and it was decided that the final result be announced in the next meeting due to be held in a few days time. It is noted that the long-term captivity of the Iranian Muslim students in the German prisons has caused the

German public's lack of confidence in their government. This long term negotiation comes at a time during which the government officials are seriously involved in the election activities, unconcerned of other internal political issues of the country. [Text] [GF301722 Tehran IRNA in English 1555 GMT 30 Sep 82]

COUNTERREVOLUTIONARIES CAPTURED--According to IRNA, on the morning of Id al-Adha Day, the Islam combatants forces, coordinating their operations with the Airborne Division hawks and the gendarmerie valiants, cleared more than 10 villages on the (Tarehkan)-(Kahgholi) axis in the Divandarreh Region and stationed themselves at Ebrahimabad village 30 kilometers from Divandarreh. During this operation the counterrevolutionaries headquarters at Shah Qal'eh and (Tabirz Khatun) village was destroyed and 10 armed counterrevolutionaries were either killed or captured. In the course of the past week, one armed counterrevolutionary surrendered himself to the forces of Islam in the Saran Region of Kordestan. [Text] [LD301750 Tehran Domestic Service in Persian 1630 GMT 30 Sep 82]

QASHQA'I LEADER EXECUTED--The regime of Khomeyni executed the leader of Qashqa'i tribe, Khosrow Qashqa'i, in Shiraz. According to our correspondent, following the intensification of unrest in the provinces of Fars and Kohkiluyeh Va Boyer Ahmad, the executioner and blood-sucking regime of Khomeyni publicly hung Khosrow Qashqa'i, the Majlis representative of the Fars people, in retaliation for the unrest and the uprising of the Qashqa'i tribes. A communique issued by the Qashqa'i tribes in Fars Province and the tribal regions of Qashqa'i announces that his blood will be revenged. The Qashqa'i tribes have been armed with various weapons in this connection and will soon begin extensive attacks against government centers in Shiraz and the province of Kohkiluyeh Va Boyer Ahmad. [Excerpts] [GF021819 (Clandestine) Free Voice of Iran in Persian to Iran 1500 GMT 2 Oct 82]

SAUDI SUPERVISION OF MECCAS--Tehran, 4 Oct (IRNA)--Any change in the structure of holy places in Mecca should be carried out under the supervision and with the permission of all Muslim states since they belonged to the world's Muslims, said Iranian Red Crescent Society official Dr Seyyed Abolqasem Hoseyni today. Dr. Hoseyni is just back from Hajj pilgrimage in Saudi Arabia. In an interview with the morning daily JOMHURI-YE ESLAMI printed today, Dr Hoseyni stressed that the Saudi regime under the pretext of constructing new establishments was damaging holy places in Mecca. He added that at the meantime Saudi Muftis rejected a plan for the construction of welfare facilities in Mena reasoning that such establishments would harm the city's historical situation. Dr Hoseyni stressed that those places could be of a great importance in historical, geographical, military and social researches in Islam. In another part of his interview the Iranian doctor said that the Saudi Muftis had banned others taking films from Hajj rituals while a number of people, seemingly Americans, were taking films of slaughtering sheep. Taking films of this special ritual, by the groups who had no Islamic objectives, could be interpreted as a weak point to damage world's opinion on Hajj ceremonies, Dr Hoseyni noted. [Text] [GF041614 Tehran IRNA in English 1555 GMT 4 Oct 82]



FARS OFFICIALS APPOINTED--The office of the governor general of Kohkiluyeh Va Boyer Ahmad has approved the following appointments: Hoseyn Marzban as economic adviser to the governor general and chief of the economic mobilization and the production and development services extension center; Haj Mohammad 'Ali Torkabadi as mayor of Do Gonbadan; 'Esma'il Behruz Haqiqat as the central district governor of Kohkiluyeh; Habibollah Mardani as head of the assessment and supervision department of the governorate; Javad Marhamati as chief of political and law enforcement of the governorate; and 'Esma'il Beshardeh as head of the Gachsaran Governorate. [GF030448 Shiraz Domestic Service in Persian 1500 GMT 2 Oct 82]

KHUZESTAN MAYORS APPOINTED--Seyyed Mohammad (Joszi) has been appointed the deputy director of the city council and mayor of Ahvaz by an order issued from the office of governor general. In a separate order Mohammad Reza Sam'i has been appointed as the mayor of Masjed Soleyman. [Ahvaz Domestic Service in Persian 1330 GMT 2 Oct 82 GF]

THAI AMBASSADOR'S TOUR ENDS--Tehran, 4 Oct (IRNA)--Thailand's ambassador to the Islamic Republic, Ata-Pourn Jaboub-hat [name as received] who concluded his mission to Islamic Republic of Iran today, conferred on the relations of the two countries with President Khamene'i. In this meeting the president talked on the responsibility of governments in regard to their nations. [Text] [LD060142 Tehran IRNA in English 0955 GMT 5 Oct 82 LD]

NEW ALGERIAN AMBASSADOR--Tehran, 5 Oct (IRNA)--The new Algerian ambassador to Tehran, Abdul Hamid Adjali, in a meeting this morning with President Khamene'i, presented his credentials. The Algerian ambassador expressed hopes that with closer bilateral cooperation the two countries would be able to fight against all [word indistinct] imperialism and Zionism. [Text] [Tehran IRNA in English 1909 GMT 5 Oct 82 LD]

AMBASSADOR TO MALTA--According to the Central News Unit, at a proposal by the minister of foreign affairs and by the endorsement of Mr Seyyed 'Ali Khamene'i, president of the republic, Mr (Gholam) 'Ali Heydari-Khaehpur, the Islamic Republic of Iran's ambassador to Rome, has been appointed as the Islamic Republic of Iran's accredited ambassador to Malta. [Text] [Tehran Domestic Service in Persian 2030 GMT 5 Oct 82 LD]

CSO: 4600/21

IRANIAN WEAPONS DEAL FOILED

London AL-DUSTUR in Arabic No 248, 23 Aug 82 p 19

[Article: "Iraq foils a New Conspiracy: an American Arms Deal Purchased by Syria from Greece for Iran"]

[Text] Sources of AL-DUSTUR indicate that Iraq has been able to foil a deal between Syria and Greece to purchase U.S. weapons that would have been sent to Iran.

The aim of the plan was to have the government of Damascus purchase ammunition on behalf of Iran. This ammunition is manufactured by Greece for the United States and can be used in some U.S. guns which Iran had purchased from the United States during the days of Shah Mohammad Reza Pahlavi.

Andreas Papandreou had come to power in Greece in October 1981 riding the crest of a stormy leftist wave that had swept the country. He had promised voters that Greece would withdraw from NATO and that negotiations with the European Common Market about the conditions of Greece's membership in the market would be reopened.

Papandreou, however, did not carry out these promises. One month after his party won a parliamentary majority, he proceeded to strengthen Greece's relations with NATO.

The forementioned deal that he made with the Syrian regime was described by the western press as "a major arms deal." A major Greek newspaper explained the reasons that led Papandreou to make this deal as "an attempt to show Greece as a country that wishes to support Arab causes in return for economic benefits."

These sources did not mention details of the deal between Syria and Greece according to which the government of Damascus hoped to purchase U.S. ammunition manufactured in Greece for Iran. However, sources of AL-DUSTUR have revealed that a Greek company called Hellenic Powder and Cartridge had made an agreement with a Syrian company to deliver to it 159 million dollars worth of ammunition until the end of 1983. This ammunition can be used in field artillery guns and in U.S. made mortar guns. This was not purely a commercial agreement. It was an agreement that had been made between the Syrian and Greek governments through these two companies [for two reasons]: first, to regulate the financial relationship between the two parties; and second, to cover up the official character of the deal.

At first, the Greek company imported materials worth 8 million dollars to manufacture this ammunition. Then the Syrian government contacted Greece last May and requested approval that the value of the deal be reduced by one third and that execution of the deal be stepped up by a two-thirds ratio. The government in Athens ordered the Greek Ministry of Defense to supply the company with the materials it had on hand so that the maximum delivery date would be September 1982. The Greek government also agreed that the value of the deal be 110 million dollars.

Early last July Athens contacted Damascus to begin delivery of the first shipment of ammunition. Damascus sent a Syrian cargo ship whose appearance was not military at all. When the ship arrived at its destined Greek port, Greek authorities asked that the ship sail back without the ammunition. It later turned out that Iraq had advised Papandreou to stop the deal and had presented him with documents confirming that "Syria was not really the country that would be using this ammunition. Syria was merely a transit point for the ammunition which would then be shipped to Iran where it would be used against the Iraqi people." The Iraqis proved to Papandreou that they have confirmed information indicating that "the Syrian company which had entered as a party to this commercial military deal had opened a private office in Athens. Furthermore, working with that company in that office and in the company's establishments were Iranian liaison officers from Iran."

A Greek official explained to AL-DUSTUR another implication of this scandal. He said, "What is more offensive is that Papandreou was well aware of the fact that Iraq was the only Arab country that had responded to an appeal by the Greek Socialist party for economic development if Greece withdrew from NATO and from the European Common Market. The only Arab funds Papandreou received were the loans from Iraq. How then can he conspire with Syria, Iran and NATO and still say that he is trying to carry out the agreement that he had signed with the government of Iraq to strengthen industrial and economic cooperation between Iraq and Greece?"

The deal fell through after Papandreou remembered that Iraq was supplying Greece with one-sixth of its oil needs.

8592

CSO: 4404/669

IMPLICATIONS OF PARIS EMBASSY EXPLOSION VIEWED

London AL-DUSTUR in Arabic No 248, 23 Aug 82 pp 16-19

[Article: "They Failed in al-Basrah, so They Attacked the Embassy in Paris"]

[Text] The first reaction to the disaster that befell Iran's army and the Revolutionary Guard in the attack that was carried out on the front of al-Basrah was the dispatch of Iranian terrorist groups from Tehran to Paris where Syrian agencies experienced in booby-trapping cars provided them with the necessary experience to attack the Embassy of Iraq. It were as though Iran wanted to use terror to achieve what it had not been able to achieve on the battlefield. In the following investigative report AL-DUSTUR reveals from its sources in Paris and Rome some of the political circumstances and background actions that have a bearing on this attack. These circumstances and background actions are still unknown.

Last Wednesday, 11 August at 5:30 p.m. a booby-trapped car blew up in front of the Embassy of Iraq in Paris. French police were able to defuse explosives in two cars that were [parked] in the same area. Four persons were injured as a result of this incident, and there were some property losses as well. It would have been possible to identify the man who had driven the booby-trapped car in front of the Iraqi embassy, if the video cameras that monitor the area had had film in them as they usually do. Nevertheless, French police now have confirmed information pointing to the group that carried out the operation. An organization called The Organization for Islamic Action in Iraq announced from Paris and Tehran that it was responsible for the incident. To prove that it was serious about assuming responsibility for the operation, the organization offered detailed information [about the operation] that laboratory tests confirmed. There was particularly the information that the explosives included 15 kilograms of TNT and a few gas containers.

The Organization for Islamic Action in Iraq is an organization that includes a few people most of whom live in Tehran. They are originally from Iran, but they had lived in Iraq. Some members of this organization may be found in Paris where they distribute leaflets that are printed in the Islamic Cultural Center, which is affiliated with the Embassy of Iran at 6 (Jean Barte) Street in Paris. This organization, however, had not been active until Tehran backed it up by sending special missions to Paris to stimulate the organization and to give Khomeyni's supporters a boost, especially after attempts to attack [the area] east of

al-Basrah had failed. In this regard AL-DUSTUR has been able to get detailed information about the organizational secrets of the explosives operation that was carried out in front of the Embassy of Iraq in Paris.

At the beginning of Iran's attack on Iraqi territory on 13 July 1982, Iranian authorities expected that penetrating Iraqi territory and establishing positions in al-Basrah would be easy. Iran would then send a number of those who had fled from Iraq to Iran, or Iranians who had lived in Iraq, to advanced positions with the Iranian forces that were headed toward Baghdad. The presence of these individuals would lead public opinion to believe that an Iraqi Islamic army was waging a war against the central authority and that the question was no more than a domestic war. However, the failure of Iran's attacks on Iraqi territory and the large losses that Tehran suffered led Iran's regular forces to believe that occupying Iraqi territory was impossible and that toying with the domestic situation in Iraq would yield no results since state institutions in Iraq do not discriminate among sects and religions. When the Iranian attack began, a French newspaper correspondent stated that "What Khomeyni had counted on, based on the domestic situation in Iraq, had been erroneous because the loyalty Iraqis feel to their state and their country is stronger than any other loyalty they may have." Those who had made plans in Tehran to invade Iraq, and especially Khomeyni's Guard, were very disappointed.

Late in July Mohsen Raza'i,, commander of the Khomeyni Guards summoned a person who had lived in Iraq and whose code name is Yasir and charged him with a special mission in Paris. That mission was "to sabotage relations between France and Iraq by carrying out armed operations and to recruit Iraqi volunteers who would receive weapons training in Tehran." Yasir actually arrived in Paris in the last week of July. He was carrying a Syrian passport that had been issued by the Syrian Embassy in Tehran. Yasir made contact with a person called Musa who had close ties with the Iranian charge d'affaires in Paris. Musa lived in a Paris suburb, and Yasir spent a few days with him. Yasir also contacted Khalil Ahmad, an employee of the Syrian Embassy in Paris, and he began to frequent the Islamic Cultural Center which is affiliated with the Embassy of Iran. At the outset he focused his attention on organizing an operation using explosives; the operation would be carried out against any Iraqi organization. Through such an operation he would let Mohsen Raza'i know that he had arrived in Paris and that he was in the process of carrying out the mission with which he had been charged. It seems that in carrying out Wednesday's operation in front of the Iraqi Embassy, Yasir was assisted by parties who are experienced in handling explosives in booby-trapped cars. Yasir was observed before and after the explosion frequenting the international campus every Saturday to recruit volunteers according to the conditions that had been agreed to with Raza'i. According to these conditions the Iranian Embassy would pay travel expenses for any Iraqi who traveled to Tehran. Those Iraqis who traveled to Tehran would be responsible for their own expenses after that. After they arrive in Tehran, enter the training camps and pass an ideological test, the authorities in Tehran would then reimburse those Iraqi volunteers. It seems that Yasir has no intention of going back to Tehran any time soon because he did not succeed in recruiting a single volunteer, and he has been responsible for one explosion that has produced no results.

On the other hand, AL-DUSTUR has received information from Rome about one of the

members of Iran's terrorist networks in Europe. His name is Mohammad Mohammadi. A 35-year old man carrying an Iranian passport was arrested in Rome on August 13 after two kilograms of explosives were found in his suitcase.

The sources of AL-DUSTUR indicate that Mohammad was questioned by police for 8 hours, and the police found out that he spoke Arabic fluently.

Italian authorities think that the quantity of explosives that was found on Mohammad Mohammadi could have destroyed two 3-story buildings. In addition to the explosives the defendant had a notebook which Italian authorities are now studying.

Mr Dominico, the Italian judge who specializes in cases of international terrorism stated in a telephone conversation with AL-DUSTUR that he believes that there is some relationship between Mohammad Mohammadi and the Iranian regime. [Mr Dominico said] that the defendant was on his way to Paris via Rome and that the explosives would have [eventually] found their way to other terrorists in Rome.

It is believed that the Islamic Cultural Center in Rome and in Paris has close ties with the Iranian embassy in Italy and France, [respectively].

8592

CSO: 4404/669

PROBLEM OF SKILLED LABOR DRAIN DISCUSSED

Abnormal Manpower Situation Reviewed

Amman AL-UFUQ in Arabic No 13, Jun 82 pp 16-17

[Article by Fahd al-Fanik: "Remittances by Expatriates Total [Only] 9 Percent of the Costs of Educating and Training Them"]

[Text] A fourth of the manpower in Jordan comes from other countries, and this trend is increasing.

The Jordanians are proud of the great role which they play in, and of their contribution toward, bringing progress to their fellow-Arab nations and helping them to develop economically, socially, and militarily--to the extent that Jordan's human capacities and potential are able to do this. No matter which Arab country you go to, there you will find a Jordanian teacher in every school, a Jordanian engineer in every project, a Jordanian officer in every military camp, and a Jordanian craftsman in every workshop.

However, this situation has now gone too far and has led to the existence of a great manpower shortage which threatens to paralyze activity in the vital areas of both the public and private sectors in Jordan, and this is due to the fact that there is a lack of availability of local expertise and qualified personnel. Because of this, we can no longer afford to be silent about this problem.

It is very important to us that the Jordanian presence remain a positive and effective one, and that it remain a presence which is welcomed by governments and business circles in all of the nations of the Arab homeland. However, this does not necessarily mean that the number of Jordanians working in Kuwait, for example, total 1 out of every 6 persons working there--and this figure includes Kuwaitis, Arabs from other countries, and [non-Arab] foreigners--that 1 of every 10 persons working in Saudi Arabia be a Jordanian, that 1 of every 11 persons working in Qatar be a Jordanian, that 1 of every 20 persons working the UAE be a Jordanian, etc.

Jordan's population is small, and this means that it cannot afford all of this drain of manpower. In terms of percentage of the total population, there are three times as many Jordanians working outside Jordan as there are Egyptians working outside Egypt.

We are very aware of the importance of the cash remittances which come into the country from the approximately 320,000 Jordans working abroad. The Central Bank [of Jordan] estimated that these remittances totalled 236.7 million dinars in 1980. This figure constituted approximately 22.5 percent of Jordan's total national income. But we should not forget that the Jordanian Ministry of Labor has calculated the cost of educating and training these expatriate workers as having been a minimum of \$10 billion, that is, 3.5 billion dinars. If this is true, then the yield from the capital invested is not such that it causes one to be overjoyed. On the contrary, it is disappointing.

It is foolish for this country with its limited resources to assume the costs of educating and training its citizens, up to the point where they are able to produce and give something back to their country, only to then see them go to other countries where they give their labor, build, make sacrifices, and earn money, and then return to their own country when they reach old age and retire. This is something which is particularly foolish when we realize that the remittances sent back by these workers during the first 11 years of their work outside the country have not even covered the costs of educating and training them--and here we are not even taking into consideration interest rates and inflation.

We should point out here that the expatriate remittances are not a net yield for the country, nor do they compensate for the costs [incurred by the government]. They do not come into the treasury or the central bank. They go to the family members of the expatriates, who then spend the money on imported goods and consumer products and thus fan the fires of inflation. Most of the money is used to finance the importing of foreign goods, and some of the money goes to the West Bank and the Gaza Strip in order to finance the purchase of goods available in the markets there--and most of the goods there are not Jordanian goods. While we must not forget that a decision was made to establish a common Arab market which would bring about free movement of persons and capital among the Arab countries, we should recall that three-fourths of the Arab nations did not support this decision with their signatures, and that some of the nations which did support this decision with their signatures have either withdrawn their membership [from this proposed common Arab market] or have made their membership an inactive one. In general, no Arab nation except Jordan has adhered to the provisions of the Arab common market, and this was because these nations regarded their own interests as being paramount.

There is another side to this problem, and it is the rapidly-growing number of workers coming into Jordan from outside the country. These foreign workers have come to constitute about one-fourth of the existing work force in Jordan. This poses clear dangers and disadvantages for all levels [of Jordanian society].



It is estimated that the total value of the remittances leaving Jordan and going to the family members of the foreign workers in Jordan totalled 52 million dinars in 1981. If this figure increases 15 percent annually as a result of the increase in the number of foreign workers--and this is a conservative estimate--and if one adds another 10 percent due to inflation and increase in wages, the total annual increase in this figure becomes 26.5 percent. This means that 4 years from now, that is, by 1985, this figure will total approximately 133 million dinars, or about \$400 million worth of foreign currency per year.

In addition to all of this, foreign workers compete with local Jordanian workers for sources of income, and one reason they compete successfully is that they are willing to accept lower wages--which reflect the lower standards of living which exist in their own countries. In addition to this, health, social, and crime problems have cropped up [due to the presence of these foreign workers].

We should mention at this point that the Jordanian Ministry of Labor has tried to do something about this abnormal state of affairs, and the measures which it has taken are proof of how dangerous the situation has become. It is attempting to insure that at least 50 percent of the workers in the industrial sector be Jordanians, and that Jordanians constitute at least 25 percent of the work force in the construction sector. What this means is that it is now possible to have foreign workers constitute 50 percent of the work force in industry and 75 percent of the work force in construction.

Jordan now needs to bring back many of its expatriate workers to Jordan and it needs to put a strict limit on the importation of foreign manpower. A situation which is acceptable for a limited period of time in an oil-producing country which has a small population is not acceptable in Jordan--neither economically, nor socially, nor in terms of its national interest.

We want our country of Jordan to remain a nation--and not to turn into being merely an arena, settlement, or place of exile for others.

#### Situation's Negative Effects Described

Amman AL-UFUQ in Arabic No 14, 30 Jun-6 Jul 82 pp 36-37

[Article by Ibrahim Nasrallah: "The Migration of Jordanian Workers to Places Abroad: Where Does the Shortcoming Lie?"]

[Text] One-third of the work force is emigrating, and one-fourth of the work force is made up of incoming foreign workers.

The absence of local manpower [means] more profits for the companies.

The migration of Jordanians to other countries is an issue which has made itself felt during the last 10 years, and there has been a lot more concern about this problem since 1976. Many studies have dealt with this phenomenon in order to clarify the dimensions of this migration and its effect on the local Jordanian economy.

At a time when a steadily increasing number of Jordan's workers are going to other countries, Jordan is being invaded by a large army of foreign workers who have now come to constitute 25 percent of our total work force.

Many people believe that what is going on constitutes a sharp and constant drain on Jordan's manpower, is something which is dangerous, and means that Jordan is losing its qualified personnel in many areas. This impels us to once again ask the question: If Jordan, right now, is taking in foreign workers who constitute 25 percent of Jordan's work force, does the existence of the phenomenon of Jordanian workers working in other countries mean that there is some shortcoming in the case of those who go to work abroad? Or does this mean that our official agencies and organizations have not been able to absorb these workers into their projects in a way which guarantees them a decent standard of living and guarantees the projects a skilled technical labor force--especially these days when we are making more and more announcements about our development plans?

The Central Bank in Jordan has prepared a study which deals with remittances sent back by workers on the basis of factual evidence concerning the migration of Jordanians to other countries.

#### Preliminary Statistics

Statistics indicate that Egypt is the primary exporter of labor among the Arab countries. The second-largest exporter of Arab labor is North Yemen, and most of its workers abroad work in the construction sector in Saudi Arabia. Jordan is the third-largest exporter of Arab labor, and the number of its workers abroad totals between 150,000 and 300,000.

In terms of nations which import labor, Saudi Arabia is in first place, with about 1 million foreign workers. Libya and Kuwait are in second place, and the Gulf nations occupy third place.

So many Jordanian workers have gone abroad to work that these days it is estimated that they total one-third of the Jordanian work force. The studies indicate that from 86 to 92 percent of them work in other Arab nations.

#### Positive Effects

Many of the countries which export labor consider that the remittances sent back by their workers who are working abroad are a tangible and direct positive effect resulting from this migration. Most of these labor-exporting Arab countries are noticing that ever-increasing sums of money are coming into them under the category of workers' remittances. This is

considered to be proof that more and more workers are going abroad to work and that salaries and wages which they are receiving are going up. And it is a fact that the oil revenues received by the Arab oil-exporting nations did increase considerably after 1973.

Because of this the labor-exporting Arab nations received remittances from their workers abroad which were in amounts that were not expected. Most of these labor-exporting Arab nations saw an increase in remittances sent back by their workers abroad during the second half of the 1970's.

When attempting to measure the effect of the workers' remittances on Jordan's national income and cash liquidity, it becomes clear that their effect on the money supply remains unclear and that it is difficult to correlate the effect with the numerous factors which play their role in affecting the money supply. This is particularly true since the period of time encompassed by the statistics witnessed the adoption of two economic and social development plans which were accompanied by an increase in public and private expenditures and an increase in incomes, and thus [an increase in] the effect on the volume of cash liquidity.

#### Negative Effects

In the case of most of the Arab countries exporting labor, this migration of workers has been accompanied by numerous negative effects. This is demonstrated by information and data which has been published by a number of Arab nations. For example, this migration of workers has intensified the gap between the social classes in Sudan and has encouraged internal migration from Sudan's rural areas to its cities. In Yemen this situation has had negative effects on agricultural production.

In spite of the benefits and advantages resulting from migration of their workers to places abroad, the most important of which are remittances, a decrease in total unemployment, improvement in balances of payments, and improvements in the living standards of these workers and their family members, most of the Arab labor-exporting countries nevertheless consider that these advantages do not make up for the losses and for the costs which they have to assume when training these workers who then go abroad to work. The cost of educating and training the Jordanian workers who are working abroad has been estimated at being at least \$10 billion.

If we merely restrict our discussion to the Jordanian economy and the negative effects on its resulting from the migration of Jordan's workers to places abroad, we find that there are many such negative effects and they have many ramifications. One of these effects is the fact that the work force now constitutes only 20 percent of the total population. Also, 75 percent of those in the industry sector have left the country, and 11 percent of those in the services sector have left the country--and these include accountants, translators, typists, and administrators.

Because of this situation, Jordan opened its doors to workers who wanted to come into the country, and they totalled 80,000 in 1980 according to estimates made by the Ministry of Labor. Although these workers from abroad have contributed toward filling the gap left by the migration of Jordanian workers to other countries, their arrival in such large numbers has meant that they are now competing with local Jordanian workers for jobs. This, in turn, has come to constitute another factor which encourages Jordanian workers to go abroad to work and has meant that they have had fewer work opportunities [in Jordan].

Furthermore, employers have been eager to hire more and more such foreign workers because this guarantees more profits for their companies. Also, their arrival has led to an increasing demand for consumer goods, supplies, and services, and it has either created or intensified problems associated with transportation, housing, electricity, and water.

The migration of workers to places abroad has also further intensified competition between the public and private sectors to attract expertise and qualified personnel. Since the private sector offers higher wages and greater incentives to its workers, in comparison with the public sector, this has encouraged workers to switch over from the government sector to private companies and establishments. This has had a [negative] effect on the levels of performance, expertise, and efficiency [found in the public sector]. The only thing which keeps many people in their jobs is the opportunity to look for better and more profitable areas [elsewhere].

#### Agricultural Production, Too

The migration of Jordanian workers to places abroad has also had a negative effect on agricultural production. This is because people have started to migrate from the rural areas to the cities in order to find jobs in other areas and sectors such as construction, services, and road-building.

This migration has also had an effect on the production of some industrial companies and establishments because, in order to maintain their production, they have been forced to hire workers who do not fully possess the skills required and because they have also been forced, in order to keep their labor force and prevent it from draining away, to increase the workers' wages in order to keep up with the other industries. This has increased the production costs and prices of the goods produced, and this is something which is usually passed on to the consumers.

The migration of Jordanian workers to places abroad and the remittances which they send back to Jordan have also contributed to the instability of prices and worsening of inflation. This, in turn, affects costs and demand. The shortage in manpower has caused wages to rise, and this has resulted in an increase in commodities' production costs. And the remittances sent back by Jordanian workers abroad have not only contributed toward increasing incomes, expenditures, and the total number of foreign workers in Jordan. They have also contributed toward increasing the demand for goods and services.

#### Remittances Sent Back by Workers Abroad

In 1970 the total in remittances sent back by Jordanian workers abroad was only 5.5 million dinars. By 1980 this figure had gone up to 236 million dinars, and this was 31 percent higher than the base year. However, remittances constituted only 22 percent of the national income.

Remittances sent by foreign workers in Jordan back to their own countries in 1980 were estimated on the basis of the number of such workers totalling 80,000 and taking into account an average daily wage of 3.5 dinars, an average of 260 working days per year, and average annual savings of 50 percent. The resulting figure is about 46 million dinars.

9468

CSO: 4404/600

SA'D HADDAD'S FUTURE ROLE CONSIDERED

Paris Al-MUSTAQBAL in Arabic No 289, 4 Sep 82 pp 20-21

[Text] The intention is to bring Sa'd Haddad and all the officers who violated army regulations before a military court, which will judge each of them according to his crimes.

When the American envoy Philip Habib visited President-elect Bashir al-Jumayyil in his home in Ashrafiya to congratulate him on his election as president, he was surprised to find that the first subject on which the new president focused was the fate of Sa'd Haddad's forces in southern Lebanon. The president-elect asked the American envoy to act quickly with the Israeli government on the need to begin at once to shrink Sa'd Haddad's forces and his influence in the South preparatory to eliminating his presence entirely so that the government can begin, through institution, main departments, and installations, to return to that region as a first step toward extending its sovereignty over the South after Israel withdraws and thereby facilitates the subsequent deployment of the army.

After Habib returned from his visit to occupied Jerusalem, he informed the president-elect and leading Lebanese officials that the question of the presence of Sa'd Haddad and his role in the South were high on the list of the basic issues that he brought up and discussed with Israeli Prime Minister Menechem Begin and Defense Minister Ariel Sharon. The American envoy said he informed the Israeli officials of the clear American stand on the matter, specifically, with respect to beginning at once to reduce the Haddad presence and deal with it on the basis of Sa'd Haddad no longer having any justifiable role in order to prepare for and facilitate the restoration of legal Lebanese authority. Habib said he was promised by the Israeli government that it would honor the request after it made observations on the fate of Sa'd Haddad and his followers, their future, and the need to settle their situation because Israel will not in the end abandon them out of gratitude and appreciation for the role that Haddad played at their side in the South during the years of the Lebanese war. Some 24 hours after Habib's visit to Israel, the southerners and then the Lebanese officials observed the implementation of the promise with which the American envoy returned because it appeared the presence of Sa'd Haddad had immediately diminished due either to elimination of some of the places where these forces had concentrated or to the Israeli forces taking over the large,

major barriers that had been turned over the Sa'd Haddad's forces after the Israeli invasion. With the beginning of contraction and removal of his presence, Sa'd Haddad publicly raised the question of his future. He asked for legal confirmation of his position in the Lebanese Army and a guaranty of receiving all his previous rights as to both promotions and pay. He regarded the election of Bashir al-Jumayyil as a "victory for me too." He said "al-Jumayyil would have experienced some difficulty were it not for the Israeli presence in Lebanon." He revealed in a press conference that he had recently met with Shaykh Bashir al-Jumayyil in Beirut, saying: "We are equal but different, for I am a soldier with no political ambitions while he is mainly a political leader." He then stated that Israel must not forget that "I was its first ally for more than 6 years and I gained a victory alongside of Israel." In an interview broadcast over Israeli radio, Sa'd Haddad linked the fate of his position as head of forces in the South to the signing of a peace treaty between Lebanon and Israel. He said: "We will not readily risk abandoning the region unless we are sure of the future and the consequences because there will be some Arab pressure on President al-Jumayyil; that will prevent him from signing a peace treaty with Israel. Therefore, our remaining in the South will help him resist such Arab pressure because it will enable him to say to them: 'You see Sa'd Haddad controls the South. But if I don't sign a peace treaty with Israel, we will lose the South. I must therefore remain in order to support his stand against the Arab states.'"

These statements of Sa'd Haddad and the accompanying statement of General Rafael Eytan, Israeli Chief of Staff, in which he said Israel would not abandon its ally and friend Sa'd Haddad...raised many questions in the Lebanese capital, especially in Western diplomatic circles, at least with respect to the principle that Haddad evokes for this kind of statement by which he intended to inform the president-elect and Israel that he is still suitable to serve as a source of pressure on the Arabs to promote the possibility of signing a peace treaty. These circles are convinced the sudden Israeli orders to Sa'd Haddad to reduce his military presence in the South and solidify his authority as an appointed military governor stirred up fears within him. This matter requires him to provide proof of such statements which were met with strong resentment by those close to the president-elect. This is what made him subsequently show uneasiness in his Israeli radio broadcast at Israel's "abandoning him" and his saying: "Frankly it will hurt me and hurt my feelings and the feelings of my people to think we have been shelved in some way." Despite these statements and hints inspired by the Israeli move to dispense with Sa'd Haddad and his services, some observers think it unlikely that Israel will completely abandon this Lebanese ally who served it so many years. Israel will have to insist on some settlement for Sa'd Haddad, at least to make him an example of what it means (when it says) he who cooperates with Israel will receive only loyalty from it."

Although the matter is still somewhat obscure and everyone in the Lebanese capital is expecting American pressure to solve the problem in the interests of Lebanese legitimacy and to facilitate the extension of state sovereignty, the presence of Sa'd Haddad in the South seems to be the toughest problem that the president-elect will encounter in trying to remove all obstacles in his way and in extending state sovereignty to all parts of Lebanon.

Observers say that with the launching of the Israeli invasion Sa'd Haddad thought he would be able to change all the balances, which would lead Israel to install him (despite his being a Catholic) as president of the Republic of Lebanon. But this ambition shrank at the half-way point and substituted for it the post of minister of the interior or defense or an appointment as an army commander. Now, however, his ambitions have been reduced to a request for confirmation of his regular rank within the legal military establishment, i.e., returning him to the army with the promotions and pay to which he and the soldiers who have worked with him are entitled. There are conflicting views on the issue. Some believe solving the problem of Sa'd Haddad in the way he and Israel too are seeking will place a heavy political burden on the president-elect, whatever the considerations, and confront President al-Jumayyil with a critical situation, for it will not be easy to return Sa'd Haddad to the army at a time when he is regarded, according to Lebanese law, as a "traitor because he cooperated with the enemy." On the other hand, if he is returned, it will be said that Israel imposed the return of its agents to the army and the thing will be portrayed as though Israel completely controls Lebanon and its army, which will be stigmatized by charges and characterizations that should not be vented in the coming stage. Moreover, his return would force the Lebanese Government, according to the principle of balance and reciprocity, to grant the request of the other Lebanese general who may also call for the reinstatement of the Arab Lebanese army commander Ahmad al-Khatib and his officers and men.

So the question is not, nor will it be, as simple as some imagine. The prevailing view in circles close to the president-elect is that the solution and way out must come through legal principles, for officer Sa'd Haddad is formally accused by the Lebanese Government of cooperating with the enemy and the case has been turned over to the military authorities; his trial possibly taking place on this basis with regard to the circumstances that induced him to cooperate with Israel in an attempt to find a legal way out of his situation and that of his fellow army officers who violated discipline and army and legal regulations in past years.

5214

CSO: 4404/666



OMAN

#### BRIEFS

NATURAL GAS PRODUCTION--The natural gas industry in Oman had grown considerably in 1981, marking a great impact on the economy. The value of gas produced went up by 33.8 per cent from R015.7 million in 1980 to R021 million in 1981. Though its contribution to gross domestic products is only 0.9 per cent, its usage is increasing tremendously. Natural gas is already being substituted for oil in big installations like the desalination plant which also produces electricity for the capital area. The copper project at Sohar will also use gas. The consumption of locally bottled gas has increased during the last two years, cutting on imports, mainly from Dubai. The government's investment in the natural gas sector was R07.5 million in 1981. [GF201147 Dubayy KHALEEJ TIMES in English 20 Sep 82 p 4 GF]

CSO: 4400/5

PEOPLE'S DEMOCRATIC REPUBLIC OF YEMEN

BRIEFS

FLOOD REPORT--More floods hit Wadi Bana and Wadi Hassan in Abyan Province in the PDRY yesterday. The height of torrent reached 5 meters in Wadi Bana and 3 meters in Wadi Hassan. PDRY officials in the province made inspection tours of the areas and gave instructions to avoid damage. [GF291248 Aden Domestic Service in Arabic 1630 GMT 28 Sep 82 GF]

CSO: 4400/5

STRONG MULTINATIONAL FORCE FOR LEBANON URGED

LD231606 Riyadh Domestic Service in Arabic 1130 GMT 23 Sep 82

["Analysis" by Hashim Abu Hashim]

[Text] There have been significant developments in Lebanon in the past 24 hours and during this morning, indicating the possibility of an end to crisis after the tragedy of Sabra and Shatila camps. The first of these developments is the IDF's yielding to U.S. pressure. It is beginning to pull out of West Beirut after committing the criminal massacre. The second, is the return of the multinationalist forces to Lebanon to resume their presence in West Beirut so as to ensure the safety of inhabitants and to protect the remaining unarmed Palestinian civilians in the camps. The third development is the inauguration ceremony of the new Lebanese president, Amin al-Jumayyil, the seventh president of the independent Republic of Lebanon.

There is no doubt that the links between these developments are very firm; so much so that it has become a source of optimism for international observers with respect to the possibility of restoring complete calm to the Lebanese capital after months of destruction, fear and dismay culminating in the tragic crime at the end of last week.

But the question that arises is: What is required? Is it ensuring the safety of the Palestinians only in West Beirut? All international arrangements, consultations and contacts have been concentrating on the safety of only this part of Beirut as if no unarmed Palestinians exist in other parts of Lebanon. The goal of the international or multinational forces must extend to absorb wider aims connected with the life of Palestinians in the whole of Lebanon. Otherwise, what is to prevent Israel from committing more horrifying and graver crimes in other parts, annihilating several thousand innocent Palestinians?

He who did what was done in the Sabra and Shatila camps cannot refrain from continuing these crimes in various other parts of Lebanon to realize a number of ambitions. These are: firstly, Israel's desire to make all parties despair and get out of Lebanon before they realize all Israel's expansionist goals.

Second, Israel's desire to deepen the rift not between the various Lebanese sects, but between the sons of the very same sect just, as Israel is doing now. Israel is trying to put the blame for what happened on the two Phalangist camps, on the Maronites in particular, portraying Sa'd Haddad as the innocent party by virtue of his collusion.

Third, Israel's desire to harm Arab-American relations and exploit American sympathy so as to demonstrate that the United States cannot stand in the path of any action which the Israelis deem as achieving some of their aims in the region.

Fourth, Israel's desire to exacerbate the tension in West Beirut in order to facilitate the making of bargains regarding its departure from all of Lebanon, and in order to impose its own conditions on the Lebanese in return for leaving Lebanon.

There remain, however, other goals which are just as grave and which make us ask: Is it not necessary for the field of responsibility of these [international] forces to be expanded and for their number to be increased so that they can perform their peacekeeping duties properly in the region instead of their task being limited to West Beirut? We ask this because we are certain that the Israelis are planning to portray these forces as being weak and unable to prevent vast acts of revenge against the Palestinian people and against those Lebanese elements that refuse to coexist with Israel or acknowledge its domination over Lebanon. We do not view it as unlikely that the Israelis, with their unethical policy, will resort anew to exploding the situation and liquidating prominent Palestinian and Lebanese leaders in terrible acts of revenge. Therefore, it is wrong to limit the responsibility and authority of these forces. It is also a grave mistake to limit their stay to short-term tasks at a time when protection operations demand a continued stay which will end when the reasons for their stay are no longer there.

The IDF is on Lebanese territory and preparing Sa'd Haddad for a prominent role. The price Sa'd Haddad is required to pay is to fight a vast war of destruction which may lead Lebanon to a new civil war. All sects may rally together so as to ward off the evil of this rancorous man and prevent him from realising more Israeli ambitions in the biggest act of treason committed by a military man against his homeland, his folk and his nation.

Perhaps Amin al-Jumayyil's assumption of the presidency of Lebanon, supported by the majority of Lebanese and non-Lebanese, at this time in particular will help provide protection for the peoples of Lebanon and Palestine, especially because among his first priorities are the establishment of sovereignty and the withdrawal of the foreign forces from his country. There is no doubt that the entire Arab world will stand by the new president; everyone will cooperate with him so as to cleanse Lebanon of all forms of Israeli occupation. The wisdom of the Lebanese president and his concern that Lebanon's Arabism will remain the source of its distinction and of its cultural role in the region will, without any doubt, help greatly in the achievement of stability, especially among the various Lebanese sects. This support can be translated into greater cooperation so as Lebanon once more becomes an oasis of freedom, safety and stability.

REPORTS ON TERMINATION OF IRAQI-IRANIAN WAR

GF031420 Manama WAKH in Arabic 0840 GMT 3 Oct 82

[Text] Manama, 3 Oct (WAKH)--The Saudi papers 'UKAZ, AL-MADINAH and AL-NADWAH commented on the Iraqi-Iranian war and its bad and dangerous effect on the Islamic and Arab world in light of the recent Iranian aggression against Iraq.

"UKAZ noted that the Iranian offensive [word indistinct] by Iraqi forces coincides with the period when the Arab nation is making every effort to complete the Israeli withdrawal from Lebanon and to establish a comprehensive and just peace in the region to guarantee the legal rights of the Palestinian people.

It stated that if the reason for the timing of Iran's attack is not to gain more Iraqi territory then it is to verify the military situation and impose new conditions for bargaining when negotiations start with Iraq.

In light of these dangerous changes and the Iranian stance, the paper called on the Arab and Islamic nations to make a quick move and more effective efforts to end the Iraqi-Iranian war. It also called on the UN Security Council to initiate practical measures to implement its resolutions regarding the Iraqi-Iranian conflict and adopt a decision during the urgent session, which was called on by Iraq to review the recent Iranian attack, to immediately end the war and take deterrent measures against those who refuse peace.

AL-MADINAH said that the new Iranian attack on Iraq will not contribute to providing the suitable atmosphere for the transfer of the two countries from the miseries, pains and great losses of the war to a new phase where the destruction caused by the war will be reconstructed.

The paper noted that the current calls for the termination of the war are more important than ever because the continuation of this war is increasing the losses in each country and every Muslim believes that war is not the way to resolve disputes between brothers and neighbors.

The paper noted that King Fahd Ibn 'Abd al-'Aziz's calls on 'Id al-Adha demanding the termination of the war on a just and fraternal basis is especially important and added that the Iraqi-Iranian war has escalated another step.

In its editorial AL-NADWAH questioned the justification for the continuation of this futile war. It asked: Has the time come for the designers of the war to come to their senses and conscience and endeavor to resolve the disputes by negotiation and peaceful means? If they insist on continuing the war they will be one of the Arab and Islamic nation's enemies who are trying to strike at that nation's strength and abilities.

CSO: 4400/5

## SAUDI ARABIA

### BRIEFS

INTEREST IN EXOCET MISSILES--Intensive negotiations are underway between France and the kingdom of Saudi Arabia for supplying the Saudi Navy with Exocet missiles which proved their effectiveness in the Falkland war. French circles disclosed to AL-DUSTUR that the negotiations could lead to the signing of a contract concerning this matter. That would take place against the backdrop of another contract signed lately which provided for furnishing the Saudi Navy with modern French equipment. [Text] [London AL-DUSTUR in Arabic No 246, 9 Aug 82 p 11]

CSO: 4404/4

DEBT TO COMMERCIAL BANKS MAY HAVE TO BE RESCHEDULED

Paris AN-NAHAR ARAB REPORT & MEMO in English No 30, 13 Sep 82 p 5

[Text] There is growing concern that Sudan may have to reschedule its \$600 debt to commercial banks for the second time as a result of the International Monetary Fund's decision to withhold the latest installment of an SDR 198 million (\$218 million) standby credit. Sudan's failure to meet all the IMF's conditions has meant that a mid-term review of the programme, due to have been completed in June, is still in progress. The government in Khartoum did not make a payment of \$22 million in interest on the scheduled date of July 6 and has announced its inability to meet the next payment which was due last week.

The IMF is understood to have objected to the Sudanese government's attempt to intervene in the foreign currency market to fix a free market rate for foreign exchange. Sudan already has two exchange rates: an official bank rate of 90 piastres to the dollar, and a floating free market rate of about SL 1.42 to the dollar. Discussions are under way between the IMF and the Sudanese authorities on the question of whether the Sudanese pound should be devalued once again. The IMF's other financial stipulations are reported to have been fulfilled, raising hopes that the second tranche of the IMF loan will be made soon.

CSO: 4500/310



LAW ENCOURAGING INVESTMENT IN AGRICULTURAL, FISHING SECTORS REVIEWED

Tunis DIALOGUE in French No 418, 6 Sep 82 pp 40-41

[Article by Wajdi Saihi: "The Big Boost"]

[Text] The fundamental development option for the coming decade as defined by the objectives of the Sixth Plan is essentially based on agriculture. In addition to efforts aimed at setting up the basic infrastructure contributing to the development of the sector, such as dams, the establishment of irrigated crop areas and various types of incentives on the national, regional and local levels, a new step has just been taken, in keeping with the new vision of agricultural policy: promulgation of the law encouraging investment in the agricultural and fishing sectors (Law No 82-67 of 6 August 1982 and published in the JOURNAL OFFICIEL DE LA REPUBLIQUE TUNISIENNE, No 59, by the Chamber of Deputies at the 30 July 1982 session.

In the chapter containing general provisions, the law defines investment in the agricultural and fishing sectors as development action whose purpose is: to promote farmers and fishermen and improve productivity in those same sectors.

Such investments can be made either within the framework of an isolated operation or an integrated project. The first type involves one or several isolated actions responding to a given need, while the second concerns any project having the nature of an individualized unit and embracing several related actions aimed at optimum utilization of project assets.

Investments are classified in three categories: A, B and C.

Category A: Concerns the investment undertaken by small and medium-size farmers and fishermen in the form of an isolated operation or within the framework of regional supervised loan programs.

Category B: Concerns the same types of farmers and fishermen, but the investment is made within the framework of integrated projects.

Category C: Includes investments made within the framework of major undertakings in the form of isolated operations or integrated projects or the framework of highly productive projects.

The classification takes into account both the nature of the investment (individual or integrated) and the scope of the operation. For this purpose, the law which specifies that the classification is done by decree defines small and medium-size farmers mainly based on agricultural income from the operation, the amount of land owned and the size of the business, the purpose of the project based on the nature of crops and products involved. The size of a project is calculated based on a cost threshold whose amount will subsequently be fixed by a joint order of the ministries of Planning, Finance and Agriculture.

#### No Approval for Category A

In its Chapter 3, the law deals with the matter of approval.

Category A is not subject to approval, while the promoters of categories B and C must, if they wish to enjoy the advantages of the law, first obtain approval from the Ministry of Agriculture on the recommendation of the Agency for the Promotion of Agricultural Investments.

Within this framework, Article 16 of this law institutes the establishment of that agency and defines its activity as being a public establishment of an industrial and commercial nature with civil status and autonomy.

Its purpose is to promote investments in the agricultural and fishing sectors and it operates under the aegis of the investment committee as a subcommittee to approval agricultural and fishing. A number of orders concerning operating and organizational rules of the agency will complete this law.

One important point should be brought out in this chapter: the need for investments in Category C, in order to be approved and benefit from the advantages of the law, to include a financing plan including at least 30 percent its own funds, including the endowment defined by the same law, and concerning young farmers, defined as the sons of farmers and fishermen under 35 years of age whose main activity is in agriculture and fishing or having specialized in the field.

Young people under 35 years of age graduating from agricultural and fishing training schools and management centers [sentence incomplete]

In addition to financial and tax advantages, the latter can receive a repayable allocation not to exceed 80 percent of the self-financing required and land loans for the purpose of buying farmland, the purpose of the project.

Among the benefits granted in common and to all categories, one should point out that in addition to the exemption for profits and income that are reinvested, investors will also enjoy exemptions for equipment used in agriculture and fishing from duties and taxes related to importation, manufacture and sale, in keeping with existing legislation.

In addition, the law sets forth a number of tax and financial advantages for each category, undeniably revealing the determination of the Tunisian

Government to promote the agricultural sector and make it a truly productive domain, thereby achieving a reliable food supply.

Among the various provisions mentioned by the law, it is interesting to note the establishment of systematic inspections of projects and supervision of investment programs justifying the granting of such advantages.

Other innovations instituted by the law include modification of the first article of Law 69-56 of 22 September 1969, whose first paragraph becomes: "The right to own farmland can only belong to individuals of Tunisian nationality, cooperatives or public corporations, as well as to civil partnerships and limited liability companies whose partners are individuals of Tunisian nationality. This right may also be enjoyed by Tunisian companies made up of Tunisian nationals and engaging in agriculture, aviculture, select seed production, nurseries, floriculture or truck farming and this within the confines of the amount of land needed to engage in their activities."

11,464

CSO: 4519/313

FIRST NATIONAL STUDENT CONVENTION MEETS

Dubai AL-BAYAN in Arabic 7 Aug 82 pp 4, 6

[Article by Ahmad Salih: "The First Student Convention Ended With the Election of the First Executive Body of the National Student Federation, the Ratification of the [Federation's] Constitution, and Important Recommendations Concerning All the Issues"]

[Text] The first student convention of the National UAE Student Federation concluded its meetings on the evening of the day before yesterday by electing the members of the federation's Higher Executive Committee. They are the following persons: 'Abdallah Salim al-Nu'aymi, 'Abdallah Ibrahim al-Hilu, Sa'id Khalifah al-Rumaythi, 'Isa Mu'addid al-Sarri, Hamid 'Abd al-Qadir al-Banna, 'Ali Muhammad al-Mahmud, and Jamal Hasan al-Numan.

Also, agreement was reached concerning the federation's constitution and its final form was established and accepted. In addition to this, a series of recommendations was issued concerning the future of the student movement in the UAE. Among the most important of these recommendations were the following:

Student Issues

1. Students should be encouraged to use all means to increase their intellectual, academic, and cultural interests, appropriate conditions should be provided for them which will allow their ideas to crystallize and mature, and they should not restrict their learning and reading to textbooks used in courses.
2. The media undeniably play a large role. For this reason, the federation should utilize all the informational media in order to express the opinions of students concerning contemporary national issues.
3. It is necessary to achieve pooling of efforts and cooperation between the various institutions of educational upbringing, including the home, school, society, etc., in order to bring students up to the level desired of them and in order to spare them any internal conflicts which might occur because of the incompatibility of the objectives of the various institutions of educational upbringing.
4. We call upon all the appropriate authorities to direct students toward professional fields of specialization and encourage those with various talents, in accordance with their inclinations and in accordance with the nation's needs for them, and we call upon these appropriate authorities to provide them with incentives.

5. We assert the necessity of having secondary-school students participate in the federation's various activities and that they be granted the opportunity to attend all of its meetings.

6. We urge--and will contribute toward--completing [the establishment of] the national academic programs to the doctrine of Islam because of the significant and effective role which these programs play in shaping the personalities of the students and the effect which they will have in the shaping of our future generations.

7. Military training should be provided in our schools because such training would be a positive step and would be of great benefit both to our students and to our nation, especially in view of the circumstances in which our nation is living today. We also recommend that the appropriate authorities bear in mind the special circumstances of students who possess temporary passports and we recommend that these authorities facilitate their academic programs.

8. We demand the resolute application of the Private Schools Law and we demand that the Ministry of Education be given full authority to apply this law.

9. Concerning study missions, we recommend the following:

A. Establishing clear conditions and criteria concerning the policy of study missions.

B. Making an accurate, exhaustive, and comprehensive study of the situations of the students studying abroad on government grants, and issuing decisions based on this study.

C. Increasing the stipends of students with government grants to study abroad, in accordance with the standard of living in each country.

D. Making matters easy for students with government grants to study abroad, and urging our cultural attaches to keep track of the affairs of our students from the academic and social points of view, to become familiar with their problems, and to work toward solving them.

10. Concerning our UAE graduates, we have the following to say:

A. We deplore the delay in the process of providing them with jobs.

B. We are in favor of aiding our graduates by providing them with jobs, housing, marriage grants, etc.

C. We are in favor of providing the grant which our head of state has ordered provided to the members of the first class graduating from the UAE University. We feel that this practice should continue and should include all graduates from the UAE University and from other universities.

11. We demand that the authorities concerned provide all possible forms of aid to students in advanced study programs.

12. On the basis of the teachings of our Islamic faith and our authentic traditions, we fundamentally reject the co-educational system. Since we believe in the necessity of establishing a female students' branch in the UAE and since we believe that the female students should have the freedom to express their opinions, we recommend that a female students' branch of the federation be quickly established and that the work of our federation be coordinated with its work.

13. In appreciation of their fine efforts and serious work, we recommend that Mr Ahmad Muhammad Salih, the former president of the Students' Association in the UAE University, and Mr Khalifah Bakhit, instructor in the UAE University, be granted membership in the federation.

14. We urge UAE students studying abroad to establish new branches of the federation.

15. We recommend the formation of a committee to visit UAE students abroad, and the job of forming this committee should be entrusted to the Executive Body [of the federation].

#### General Issues

##### I. On the local level

##### 1. Concerning social issues:

Close family ties among the individuals of our nation constitute the best means to maintain stability among our citizens. This is because the family is the cornerstone of the structure of our society, and what is good for the family is good for society. In view of this, we recommend the following:

A. We recommend participating, along with various [official] bodies and social institutions, in the process of consolidating and strengthening family ties in accordance with the teachings of our Islamic faith and our authentic values and customs. We urge that fathers not demand high sums of money as bridal payments, and we urge that various means be utilized to call their attention to the unhealthy consequences which result from this type of action. We urge that the government help young people to start families by providing encouragement to them to get married. We also demand that a money grant be given to young UAE males desiring to marry UAE females.

B. The steady increase in the number of foreign workers in the UAE, in general, is something which is dangerous for our country's situation. Because of this, we recommend that our government use various means to strive to encourage a higher birth [among UAE citizens].

C. We recommend putting a stop to the proliferation of hotels and various [other] forms of corruption, because such things constitute a distraction for our youth and lead them astray from their convictions and from being concerned with their national issues.

##### 2. Concerning economic issues:

- A. It is necessary to strengthen our nation's economy and diversify our sources of national income. This must be done by means of developing our industry in general and our petroleum industries in particular.
- B. We must determine our petroleum production policy on the basis of the needs of our society. We must do this in order to preserve our petroleum wealth and in order to provide for our future generations. Furthermore, we must strive to lower oil prices in the UAE.
- C. We demand that our UAE youth be trained and prepared technically and administratively in order to assume the responsibilities of administering and operating our petroleum industry installations.
- D. In order to preserve the strength and cohesion of our society, we must bring about a fair and just distribution of our wealth.
- E. We demand development of our national industry so that we will be less dependent on others economically.
- F. We demand that a stop be put to the proliferation of foreign banks in the UAE and that the establishment of Islamic banks be encouraged.
- G. We demand that concern be shown for establishing a comprehensive plan for our nation's economic and social development.

### 3. Concerning political issues:

Since our federation [of United Arab Emirates] has been in existence for a number of years now, we recommend the following with regard to political matters:

- A. We demand to have a constitution which is based on Islamic law--a constitution which would be the principal source of our legislation, would guarantee public freedoms, and would also endeavor to guarantee security and peace of mind for our citizens.
- B. It is necessary that we have popular participation in the decision-making process, the process of administering our society's affairs, and the process of maintaining stability in our society and preventing eruptions from taking place in it. This can be accomplished by means of the Federal National Council, provided that this council have legislative authority and powers of control and supervision.
- C. We demand the preservation of public freedoms guaranteed by the constitution, we demand that there be more such freedoms, and we reject all laws which limit these freedoms.
- D. We demand that endeavors be made to have UAE nationals occupy all leading jobs and positions in our country.
- E. We demand that efforts be made to stop the process of allowing foreigners to become naturalized UAE citizens and that this process be subject to a compulsory law.

#### 4. Concerning cultural and media issues:

Due to our lack of cultural activities, we have the following recommendations:

A. We support the intellectual and cultural institutions which are striving to consolidate our Islamic and national identity as well as the authentic values of our society, and we demand that these institutions be financed.

B. We favor the firm establishment of the role of censorship [authorities] in putting a stop to the entry into our country of advertisements and propaganda which are at variance with our nation's convictions and values.

C. We demand to have more freedoms, to be able to express our opinions as stipulated by the constitution, that the Press and Publishing Law currently in effect be modified, and that efforts be made to support our local press.

D. Our media in their current form are commercial and entertainment-oriented. We demand that the educational and cultural aspects of our media be emphasized, especially in the case of radio and television.

E. We demand that opportunity be granted to as many of our young people as possible to excel and become prominent in our society, by means of encouraging creative, intellectual, and cultural work and production on their part.

#### II. On the regional Gulf level

Our federation feels that the Gulf Cooperation Council [GCC] represents a positive step in the direction of achieving the Gulf unity which we desire. In connection with the GCC, we feel that the following things should be done:

1. The GCC should be based on intellectual and ideological foundations which originate with the religion and convictions of our [Islamic] community.

2. Gulf cooperation should achieve the aspirations of our Gulf peoples as well as their desire to achieve political and economic independence and establish their societies on constitutional foundations.

3. We insistently favor the GCC's stated policy of rejecting foreign military bases and intervention by the great powers in the affairs of the GCC nations. This will guarantee [the Gulf's] independence and keep the area out of international conflicts.

4. We urge the governments of the Arab and Muslim nations to make a serious effort to stop the Iraqi-Iranian war and to put a halt to the bloodshed going on which involves both the Iranian and Iraqi peoples. We feel that the regimes of Iraq and Iran ought to be more aware of the evil consequences which this war of theirs is bringing about, and we feel that the Iraqi and Iranian peoples should pressure their governments to stop the war.

5. We assert the Arab identity of the islands [Greater Tumb, Lesser Tumb, and Abu Musa], we demand that efforts be made to regain these islands by peaceful means and by means of reaching a brotherly understanding, and we assert that they are part of the territory of the UAE.



### III. On the level of the Arab and Muslim world

1. We condemn our U.S. enemy and demand that we no longer deal with the U.S. in any way.
2. We deplore the official Arab silence which is taking place, and we consider the Islamic jihad [holy war]--which would employ weapons, money, and men--to be the only possible means to achieve liberation.
3. We feel that it is necessary to achieve Arab Islamic unity and to strengthen this concept in the hearts of [all of our] generations so that such unity will enable the Arab and Muslim people to achieve their aspirations. We are also in favor of striving to consolidate unity between all parts of the Arab and Muslim world.

#### Recommendations and Resolutions

1. Our conference recommends that the federation's Executive Body send an urgent telegram to Mr Yasir 'Arafat, praising the staunchness shown by his freedom-fighters in Lebanon and deploring the position taken by the Arab governments.
2. Our conference recommends that the federation's Executive Body undertake to collect contributions to help the freedom-fighters.
3. We recommend that the next conference be full of literary, cultural, and artistic activities.
4. Our conference recommends that the [next] conference be held for a period of 1 week.

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PRIVATE SECTOR FINANCIAL STATISTICS QUOTED

Dubai AL-BAYAN in Arabic 4 Aug 82 p 2

[Article: "Financial Survey in the UAE: Foreign Assets Total 40.6 Billion Dirhams, and a Total of 31.1 Billion Dirhams in Payments Is Due From the Private Sector"]

[Text] According to the Central Bank's statistical report dealing with business activities in the UAE during the first quarter of the current year, total foreign assets in the domestic market were 40,064,000,000 dirhams at the end of last March, as compared with 30,441,400,000 dirhams in March of 1981 and 42,780,400,000 dirhams in December of 1982 [as published].

The financial survey included in the UAE government report stated that money circulating outside the banks totalled 2,810,400,000 dirhams last March, as compared with 2,248,800,000 dirhams in March of 1981 and 2,770,800,000 dirhams in December.

Money deposits last March totalled 6,499,900,000 dirhams, as compared with 5,390,600,000 dirhams in March of 1981 and 6,198,000,000 dirhams in December.

Near-money deposits totalled 20,308,500,000 dirhams last March, as compared with 17,650,500,000 dirhams in March of 1981 and 20,196,300,000 dirhams in December.

The money and near-money total in the market was 29,618,800,000 dirhams last March, as compared with 25,289,900,000 dirhams in March of 1981 and 29,165,100,000 dirhams in December.

Payments due from the private sector steadily increased. They rose from 26,690,500,000 dirhams in March of 1981 to 30,345,900,000 dirhams in December, and then reached a total of 31,386,800,000 dirhams last March.

Foreign liabilities also showed a steady increase. They went up from 18,594,000,000 dirhams in March of 1981 to 24,325,500,000 dirhams in December, and then totalled 22,778,900,000 dirhams in January and 24,850,000,000 dirhams last March.

Thus net foreign assets--after subtracting from them the value of the foreign liabilities--have reached a total of 15,214,400,000 dirhams.

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STATISTICS CONCERNING LICENSES ISSUED IN DUBAI

Dubai AL-BAYAN in Arabic 4 Aug 82 p 2

[Article: "645 New Commercial Licenses Issued in Dubai in 3 Months"]

[Text] During the first quarter of this year a combined total of 3,842 commercial, professional, business establishment, and industrial licenses were either newly issued or renewed by the Municipality of Dubai.

A total of 302 new commercial licenses were issued, and a total of 1,923 commercial licenses were renewed during the above-mentioned period.

Also, 332 new professional licenses were issued, and 1,192 professional licenses were renewed.

In addition to this, 4 new industrial licenses were issued and 34 industrial licenses were renewed during this period. This amounts to a total of 645 new licenses.

With regard to the Commercial Register during the first 3 months of the current year, 163 registrations of merchants and 125 registrations of companies took place.

There were also 622 transactions involving renewal, 12 transactions involving commercial agencies, 60 transactions involving modifications and changes, and 27 transactions involving registration of accountants and auditors.

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ABU DHABI PROJECT EXPENDITURES PUBLISHED

Abu Dhabi AL-ITTIHAD in Arabic 26 Jul 82 p 2

[Article by Ahmad Sa'id: "A Total of 2.186 Billion Dirhams Actually Spent for the Implementation of Abu Dhabi Projects From January to May"]

[Text] The total in actual expenditures on projects in the Emirate of Abu Dhabi from 1 January 1982 through 31 May 1982 was 2,186,858,000 dirhams. This was 31.1 percent of the total appropriations, which amounted to 7 billion dirhams.

The individual government offices' expenditures on projects were as follows:

1. The Office of Public Works implemented projects costing a total of 703,949,000 dirhams.
2. The Office of Water Supply implemented projects costing a total of 397,854,000 dirhams.
3. The Office of the Municipality of Abu Dhabi spent a total of 495,657,000 dirhams.
4. The Office of the Ruler's Representative in the Eastern Province spent a total of 103,068,000 dirhams.
5. The Office of the Municipality of al-'Ayn spent a total of 357,854,000 dirhams.
6. The Office of Agriculture and Animal Production spent a total of 15,012,000 dirhams.
7. The Office of the Amir in Abu Dhabi spent a total of 22,828,000 dirhams.
8. The Office of Finance spent a total of 18,463,000 dirhams.
9. The Office of Planning spent a total of 405,000 dirhams.
10. The Ministry of Information spent a total of 15,103,000 dirhams.

MORE SPENT ON ABU DHABI'S TRANSPORTATION, COMMUNICATIONS

Dubai AL-BAYAN in Arabic 1 Aug 82 p 4

[Article by AL-BAYAN's correspondent in Abu Dhabi: "Increased Spending on Transportation and Communications in Abu Dhabi"]

[Text] The sector of transportation and communications in the Emirate of Abu Dhabi experienced considerable development in the field of investments during the period from 1975 to 1980. The Planning Office report stated that transportation and communications investments were distributed among the various channels of this sector, including land, sea, and air transportation and communications, in addition to public and private companies' investments. Transportation and communications sector investments totalled 2.555 billion dirhams in 1980, as compared with 821 million dirhams in 1975 and 1.979 billion dirhams in the 2-year period of 1978/79. Government sector investments accounted for about 54.8 percent of the total transportation and communications sector investments in 1975, as compared with 55.6 percent in 1980, whereas the percentage of public company investments was 20.5 percent in 1975 and 24.9 percent in 1980. The private sector's percentage of investments totalled 24.7 percent in 1975 and 19 percent in 1980.

Concerning the public sector, the report said that the government has been interested in building the necessary infrastructure, that is, building roads, developing its systems of streets and highways, constructing the dams, bridges, seaports, and airports which the Emirate of Abu Dhabi needs, and developing mail services. Government investments have also included wire and wireless communications. The Abu Dhabi National Oil Co. has established and developed an oil tanker company, has built the basic infrastructure needed in the Ruways industrial area, and has built the roads, seaports, airports, and other facilities which the area requires.

Private sector investments have been restricted to the field of private transportation such as taxis and public and private busses, the numbers of which have greatly increased in order to meet the growing demand for them as a result of the increase in population.